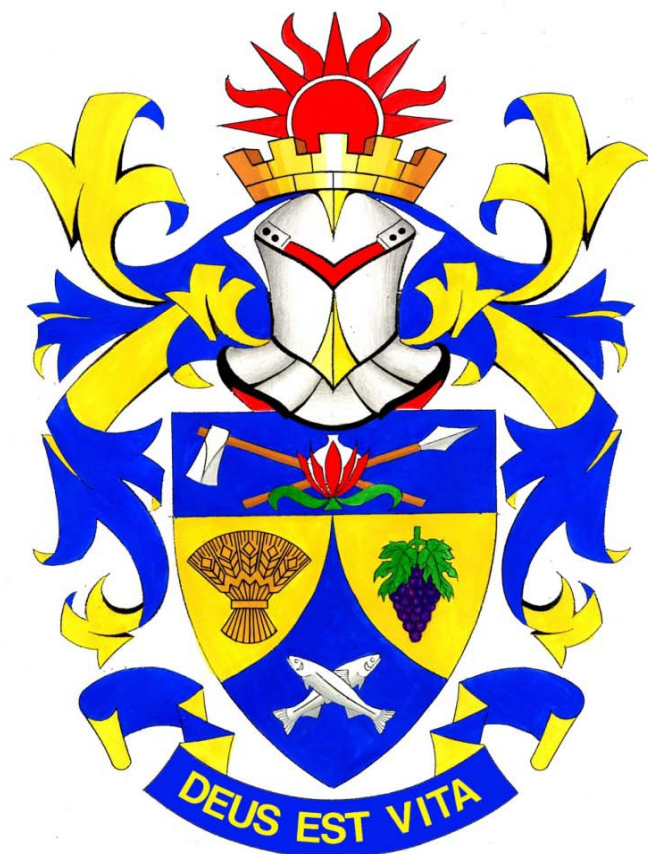


# **BERGRIVIER**

## **MUNICIPALITY**



**AUDITED**

**FINANCIAL STATEMENTS**

**30 JUNE 2011**

# BERGRIVIER MUNICIPALITY

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# BERGRIVIER MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

### GENERAL INFORMATION

#### NATURE OF BUSINESS

Bergrivier Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### JURISDICTION

The Bergrivier Municipality includes the towns of Piketberg, Porterville, Velddrift, Aurora, Eendekuil and Redelinghuys.

#### MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	EB Manuel
Deputy Executive Mayor	SM Crafford
Executive Councillor	A de Vries
Executive Councillor	RM van Rooy

#### MUNICIPAL MANAGER

EC Liebenberg

#### CHIEF FINANCIAL OFFICER

JA van Niekerk

#### REGISTERED OFFICE

P.O. Box 60  
PIKETBERG  
7320

#### AUDITORS

Auditor-General  
Private Bag X1  
Chempet  
7442

#### PRINCIPLE BANKERS

ABSA Bank

#### ATTORNEYS

De Villiers Van Zyl  
Britz en Pretorius  
Swemmer & Levin

#### RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)	The Income Tax Act
Municipal Budget and Reporting Regulations	Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)	Collective Agreements
Municipal Systems Act (Act no 32 of 2000)	Infrastructure Grants
Municipal Planning and Performance Management Regulations	SALBC Leave Regulations
Water Services Act (Act no 108 of 1997)	Division of Revenue Act
Municipal Property Rates Act (Act no 6 of 2004)	Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)	Housing Act (Act no 107 of 1997)
Employment Equity Act (Act no 55 of 1998)	
Unemployment Insurance Act (Act no 30 of 1966)	
Basic Conditions of Employment Act (Act no 75 of 1997)	
Supply Chain Management Regulations, 2005	

# BERGRIVIER MUNICIPALITY

## MEMBERS OF THE BERGRIVIER MUNICIPALITY

WARD	COUNCILLOR
1	JA Raats
2	WJ Dirks
3	JC Botha
4	RM van Rooy
5	DJ Adams
6	CJ Snyders
7	SM Crafford
Proportional	EB Manuel
Proportional	A de Vries
Proportional	SR Claassen
Proportional	SIJ Smit
Proportional	A Maarman
Proportional	C Snyders

## APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 82 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.



---

EC Liebenberg  
**Municipal Manager**

30-Jan-12

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**Date**

# **REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON BERGRIVIER MUNICIPALITY**

## **REPORT ON THE FINANCIAL STATEMENTS**

### **Introduction**

1. I have audited the accompanying financial statements of the Bergrivier Municipality, which comprise the statement of financial position as at 30 June 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 74.

### **Accounting officer's responsibility for the financial statements**

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010) (DoRA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor-General's responsibility**

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bergrivier Municipality as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and DoRA.

## **Emphasis of matter**

8. I draw attention to the matter below. My opinion is not modified in respect of this matter:

## **Restatement of corresponding figures**

9. As disclosed in note 38 to the financial statements, the corresponding figures for 30 June 2010 have been restated as a result of errors discovered during the 2010-11 financial year in the financial statements of the Bergrivier Municipality at, and for the year ended, 30 June 2010.

## **Additional matters**

10. I draw attention to the matters below. My opinion is not modified in respect of these matters:

## **Material inconsistencies in other information included in the annual report**

11. No material inconsistencies were identified between the draft annual report submitted for review and the financial statements. The final printer's proof of the annual report will be reviewed on receipt and any material inconsistencies then identified will be communicated to management. Should the inconsistencies not be corrected, it may result in the matter being included in the audit report.
12. The draft annual report has been submitted for review. A number of material inconsistencies between information disclosed therein and the annual performance report were identified. This matter will remain until the adjusted annual report is received and the correction of errors confirmed.

## **Unaudited supplementary schedules**

13. The supplementary information set out on pages 75 to 83 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

14. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages xx to xx and material non-compliance with laws and regulations applicable to the municipality.

### **Predetermined objectives**

#### **Presentation of information**

15. The reported performance against predetermined objectives was deficient in respect of the following:
- Performance against predetermined objectives was not reported using the National Treasury guidelines.
16. The following audit finding relates to the above criteria:
- The performance report does not reflect a comparison of the performance with targets set for and performance in the previous financial year; and measures taken to improve performance in terms of section 46(1)(a) of the Municipal Systems Act, 2000 (Act 32 of 2000).

#### **Usefulness of information**

17. The reported performance information was deficient in respect of the following criteria:
- Consistency: The reported objectives, indicators and targets are not consistent with the approved integrated development plan.
  - Measurability: The indicators are not well-defined and verifiable, and targets are not specific, or measurable
18. The following audit findings relate to the above criteria:
- A comparison of performance targets and actual performance between chapter 4 and 5.3 of the annual performance report (APR) and the top-level service delivery and budget implementation plan (SDBIP) revealed various inconsistencies. Twenty three (23) key performance indicators (KPIs) that are included in the APR are not included in the top-level SDBIP.
  - A comparison between the top-level SDBIP and the APR also revealed that some KPIs were not included in the APR.
  - Various performance measures, indicators, targets and actual performance as per the APR are not measurable.

## **Reliability of information**

19. The reported performance information was deficient in respect of the following criteria:
- Validity: The reported performance did not occur and does not pertain to the entity.
  - Accuracy: The amounts, numbers, and other data relating to reported actual performance have not been recorded and reported appropriately.
  - Completeness: All actual results and events that should have been recorded have not been included in the reported performance information.
20. The following audit findings relate to the above criteria:
- For the selected objectives 13 of the reported 18 indicators/targets in the APR (72%) were not valid, accurate and complete based on the source information or evidence provided.

## **Compliance with laws and regulations**

### **Budgets**

21. As disclosed in note 45.1 to the financial statements, the municipality incurred expenditure in excess of the limits of the amounts provided for in the votes in the approved budget, in contravention of section 15 of the MFMA.

## **Annual financial statements, performance and annual reports**

22. The financial statements submitted for audit were not prepared in all material respects in accordance with the requirements of section 122(1)(a) of the MFMA. Pervasive material misstatements relating to current liabilities, expenditure and disclosure items identified by the auditors were subsequently corrected by management, resulting in the financial statements receiving an unqualified opinion.
23. The accounting officer did not submit the annual financial statements of the municipality for auditing within two months after the end of the financial year as required by section 126(1)(a) of the MFMA.
24. The annual performance report did not contain a comparison of the performance of the municipality and of each external service provider with development priorities, objectives and performance indicators set out in its integrated development plan, as required by section 46 of the Municipal Systems Act.

## **Procurement and contract management**

25. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such



interest, as required by SCM regulation 46(2)(e), and the providers failed to declare their relationship to persons employed by the municipality as per the requirements of Municipal SCM regulation 13(c).

26. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of between R10 000 and R200 000 were procured in all cases by means of obtaining written price quotations from at least three different prospective providers as per the requirements of SCM regulation 17(a) & (c).

### **Expenditure management**

27. The accounting officer did not take all reasonable steps to prevent fruitless and wasteful and irregular expenditure, as required by section 62(1)(d) of the MFMA.

### **INTERNAL CONTROL**

28. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and findings on compliance with laws and regulations included in this report.

### **Leadership**

29. A system to prevent and detect non-compliance with laws and regulations throughout the municipal environment has not been implemented.
30. A system has not been implemented whereby the annual performance report is reviewed quarterly to ensure the information reported in the annual report is consistent and reliable.
31. There was inadequate leadership oversight to ensure that plans to address previous audit findings were monitored. As a result, a number of findings recurred.

### **Financial and performance management**

32. The municipality did not prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information and relied on consultants for the preparation of its financial statements. These financial statements were not adequately reviewed for completeness and accuracy prior to submission for audit. This resulted in material errors and omissions in the financial statements not being detected before the financial statements were submitted for audit.
33. The municipality does not have appropriate systems that require monthly reconciliation and that those reconciliations are regularly reviewed to clear reconciling items.

## **Governance**

34. The financial statements and annual performance report were not submitted to the audit committee and reviewed prior to submission to audit. This resulted in errors in both documents not being detected timeously.

*Auditor-General*

Cape Town

31 January 2012



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**BERGRIVIER MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011**

	Notes	2011 R	2010 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>149 009 109</b>	<b>148 052 816</b>
Capital Replacement Reserve	2	2 900 000	13 539 700
Housing Development Fund	2	1 115 655	1 167 198
Accumulated Surplus/(Deficit)		144 993 455	133 345 919
<b>Non-Current Liabilities</b>		<b>88 451 069</b>	<b>69 858 507</b>
Long-term Liabilities	3	46 347 183	33 395 914
Non-current Provisions	4	22 977 266	21 472 169
Non-current Employee Benefits	5	19 126 620	14 990 424
<b>Current Liabilities</b>		<b>32 194 725</b>	<b>32 415 041</b>
Consumer Deposits	6	2 154 203	2 021 807
Provisions	7	-	-
Current Employee Benefits	8	6 915 864	5 683 194
Payables from exchange transactions	9	13 558 698	18 663 230
Unspent Conditional Government Grants and Receipts	10	6 865 432	4 080 839
Taxes	11.1	-	-
Operating Lease Liability	20.2	22 689	34 400
Current Portion of Long-term Liabilities	4	2 677 839	1 931 571
<b>Total Net Assets and Liabilities</b>		<b>269 654 904</b>	<b>250 326 364</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>208 354 572</b>	<b>184 390 197</b>
Property, Plant and Equipment	13	193 617 873	169 669 504
Investment Property	14	14 512 880	14 512 880
Intangible Assets	15	204 396	167 986
Long-term Receivables	16	19 422	39 827
<b>Current Assets</b>		<b>61 300 332</b>	<b>65 936 167</b>
Inventory	17	247 539	18 523
Receivables from exchange transactions	18	29 838 554	25 647 228
Receivables from non-exchange transactions	19	14 321 856	11 869 668
Unpaid Conditional Government Grants and Receipts	10	1 159 110	4 103 715
Operating Lease Asset	20.1	58 202	50 774
Taxes	11.1	825 844	1 522 551
Current Portion of Long-term Receivables	16	238 527	291 264
Cash and Cash Equivalents	21.1	14 610 699	12 428 607
Short-term Investments	21.2	-	10 003 836
<b>Total Assets</b>		<b>269 654 904</b>	<b>250 326 364</b>

**BERGRIVIER MUNICIPALITY**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 R	2010 R
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>74 936 227</b>	<b>65 293 469</b>
<b>Taxation Revenue</b>		<b>31 023 210</b>	<b>28 101 641</b>
Property taxes	22	31 023 210	28 101 641
<b>Transfer Revenue</b>		<b>42 392 811</b>	<b>35 066 104</b>
Government Grants and Subsidies	23	42 392 811	35 066 104
<b>Other Revenue</b>		<b>1 520 205</b>	<b>2 125 725</b>
Fines		1 520 205	964 515
Actuarial Gains	5	-	1 161 210
<b>Revenue from Exchange Transactions</b>		<b>90 809 046</b>	<b>84 229 874</b>
Service Charges	24	79 940 684	72 244 995
Rental of Facilities and Equipment		2 665 338	2 504 079
Interest Earned - external investments	25	1 317 129	1 889 468
Interest Earned - outstanding receivables	26	2 392 149	2 314 333
Licences and Permits		1 645 900	1 178 258
Income for Agency Services		1 368 731	1 329 859
Other Income	27	1 474 843	2 720 205
Unamortised Discount - Interest		4 272	48 676
<b>Total Revenue</b>		<b>165 745 273</b>	<b>149 523 343</b>
<b>EXPENDITURE</b>			
Employee related costs	28	(58 607 254)	(52 251 432)
Remuneration of Councillors	29	(3 531 514)	(3 151 081)
Debt Impairment	30	(2 423 262)	(826 485)
Depreciation and Amortisation	31	(12 207 818)	(11 259 321)
Repairs and Maintenance		(3 449 924)	(7 588 687)
Unamortised Discount - Interest		(2 564 888)	(3 556 565)
Actuarial Losses	5	(2 637 035)	(78 669)
Finance Costs	32	(7 158 109)	(4 732 369)
Bulk Purchases	33	(40 209 558)	(32 434 094)
Grants and Subsidies Paid		(1 742 803)	(1 619 803)
Other Operating Grant Expenditure		(6 712 304)	(13 176 445)
General Expenses	34	(23 632 353)	(20 027 669)
<b>Total Expenditure</b>		<b>(164 876 822)</b>	<b>(150 702 620)</b>
<b>Operating Surplus for the Year</b>		<b>868 451</b>	<b>(1 179 277)</b>
Gains/(Loss) on Sale of Assets	35	195 241	-
(Impairment loss)/Reversal of impairment loss	36	(107 399)	-
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>956 293</b>	<b>(1 179 277)</b>

**BERGRIVIER MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>Capital Replacement Reserve</b>	<b>Housing Development Fund</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance at 1 July 2009</b>	<b>16 000 000</b>	<b>2 427 543</b>	<b>96 480 750</b>	<b>114 908 293</b>
Correction of Error - note 38.9	-	-	20 452 448	20 452 448
Change in Accounting Policy - note 37.5	-	-	15 014 303	15 014 303
<b>Restated balance</b>	<b>16 000 000</b>	<b>2 427 543</b>	<b>131 947 500</b>	<b>150 375 043</b>
Restated Net Surplus/(Deficit) for the year	-	(1 260 346)	(1 179 277)	(2 439 622)
Net Surplus/(Deficit) previously reported	-	(1 260 346)	1 594 017	333 671
Effects of Change in Accounting Policy	-	-	(2 857 212)	(2 857 212)
Transfer to/from CRR	8 413 781	-	(8 413 781)	-
Property, Plant and Equipment purchased	(10 874 081)	-	10 874 081	-
<b>Balance at 30 June 2010</b>	<b>13 539 700</b>	<b>1 167 198</b>	<b>133 228 523</b>	<b>147 935 421</b>
Correction of Error - note 38.10	-	-	117 395	<b>117 395</b>
<b>Restated balance</b>	<b>13 539 700</b>	<b>1 167 198</b>	<b>133 345 919</b>	<b>148 052 816</b>
Net Surplus/(Deficit) for the year	-	-	956 293	956 293
Transfer to/from CRR	(3 319 127)	-	3 319 127	-
Property, Plant and Equipment purchased	(7 320 573)	-	7 320 573	-
Transfer to Housing Development Fund	-	(51 543)	51 543	-
<b>Balance at 30 June 2011</b>	<b>2 900 000</b>	<b>1 115 655</b>	<b>144 993 455</b>	<b>149 009 109</b>

# BERGRIVIER MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 R	2010 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Taxation		27 564 538	27 178 938
Sale of goods and services		77 088 837	61 197 690
Grants		48 122 009	31 393 295
Investment Income		3 709 278	4 203 801
Other receipts		8 675 017	8 696 917
Cash payments			
Employee costs		(62 138 769)	(55 402 514)
Suppliers		(81 525 703)	(66 199 278)
Finance costs		(4 081 300)	(3 516 963)
<b>Net Cash from Operating Activities</b>	<b>40</b>	<b>17 413 907</b>	<b>7 551 885</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(36 214 567)	(33 461 554)
(Increase)/Decrease in Intangible Assets		(85 431)	-
(Increase)/Decrease in Long-term Receivables		(68 303)	438 113
<b>Net Cash from Investing Activities</b>		<b>(36 368 301)</b>	<b>(33 023 441)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New loans raised		13 451 674	17 350 000
Loans repaid		(2 319 025)	(1 774 269)
<b>Net Cash from Financing Activities</b>		<b>11 132 649</b>	<b>15 575 731</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(7 821 744)</b>	<b>(9 895 824)</b>
Cash and Cash Equivalents at the beginning of the year		22 432 443	32 328 267
Cash and Cash Equivalents at the end of the year	<b>41</b>	<b>14 610 699</b>	<b>22 432 443</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(7 821 744)</b>	<b>(9 895 824)</b>

**BERGRIVIER MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

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**1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS**

**1.1. BASIS OF PREPARATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The standards are summarised as follows:

REFERENCE	TOPIC
<b>GRAP Framework</b>	Framework for the preparation and presentation of financial statements
<b>GRAP 5</b>	Borrowing Costs
<b>GRAP 6</b>	Consolidated and Separate Financial Statements
<b>GRAP 7</b>	Investments in Associate
<b>GRAP 8</b>	Interests in Joint Ventures
<b>GRAP 101</b>	Agricultural
<b>GRAP 102</b>	Intangible assets
<b>IGRAP 1</b>	Applying the probability test on initial recognition of exchange revenue
<b>IPSAS 20</b>	Related Party Disclosure
<b>IFRS 3</b>	Business Combinations
<b>IFRS 4</b>	Insurance Contracts
<b>IFRS 6</b>	Exploration for and Evaluation of Mineral Resources
<b>IAS 12</b>	Income Taxes
<b>IAS 19</b>	Employee Benefits
<b>SIC - 21</b>	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
<b>SIC - 25</b>	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
<b>SIC - 29</b>	Service Concessions Arrangements - Disclosures
<b>IFRIC 2</b>	Members' Shares in Co-operative Entities and Similar Instruments
<b>IFRIC 4</b>	Determining whether an arrangement contains a lease
<b>IFRIC 9</b>	Reassessment of Embedded Derivatives
<b>IFRIC 12</b>	Service Concession Arrangements
<b>IFRIC 13</b>	Customer Loyalty Programmes

**BERGRIVIER MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

<b>IFRIC 14</b>	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
<b>IFRIC 15</b>	Agreements for the Construction of Real Estate
<b>IFRIC 16</b>	Hedges in a Net Investment in a Foreign Operation
<b>Directive 5</b>	Determining the GRAP Reporting Framework
<b>ASB guide 1</b>	Guideline on Accounting for Public Private Partnerships

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective:

<b>REFERENCE</b>	<b>TOPIC</b>	<b>EFFECTIVE DATE</b>
<b>GRAP 1 (Revised)</b>	Presentation of Financial Statements	1 April 2011
<b>GRAP 2 (Revised)</b>	Cash Flow Statements	1 April 2011
<b>GRAP 3 (Revised)</b>	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
<b>GRAP 4 (Revised)</b>	The Effects of changes in Foreign Exchange Rates	1 April 2011
<b>GRAP 9 (Revised)</b>	Revenue from Exchange Transactions	1 April 2011
<b>GRAP 10 (Revised)</b>	Financial Reporting in Hyperinflationary Economics	1 April 2011
<b>GRAP 11 (Revised)</b>	Construction Contracts	1 April 2011
<b>GRAP 12 (Revised)</b>	Inventories	1 April 2011
<b>GRAP 13 (Revised)</b>	Leases	1 April 2011
<b>GRAP 14 (Revised)</b>	Events after the reporting date	1 April 2011
<b>GRAP 16 (Revised)</b>	Investment Property	1 April 2011
<b>GRAP 17 (Revised)</b>	Property, Plant and Equipment	1 April 2011
<b>GRAP 19 (Revised)</b>	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
<b>GRAP 21</b>	Impairment of non-cash-generating assets	1 April 2012
<b>GRAP 23</b>	Revenue from Non-exchange Transactions	1 April 2012
<b>GRAP 26</b>	Impairment of cash-generating assets	1 April 2012
<b>GRAP 100 (Revised)</b>	Non-current Assets Held for Sale and Discontinued Operations	1 April 2011



**BERGRIVIER MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not yet effective.

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

## **1.2. PRESENTATION CURRENCY**

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

## **1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

## **1.4. COMPARATIVE INFORMATION**

GRAP 24: Presenting of Budget Information in Financial Statements is not yet effective. However GRAP 1.15 requires a comparison between actual and budgeted amounts. This information has been disclosed in the financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is

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practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**1.5. MATERIALITY**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

**1.6. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 6 (Revised)	<b><u>Consolidated and Separate Financial Statements</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 7 (Revised)	<b><u>Investments in Associate</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 8 (Revised)	<b><u>Interest in Joint Ventures</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 18	<b><u>Segment Reporting</u></b> Information to a large extent is already included in the notes to the annual financial statements.	Unknown
GRAP 24	<b><u>Presentation of Budget Information in Financial Statements</u></b> Information to a large extent is already included in the notes to the annual financial statements.	1 April 2012
GRAP 103	<b><u>Heritage Assets</u></b> No adjustments will necessary other than a separate line item in the Statement of Financial Position and the transfer of the values from property, plant and equipment.	1 April 2012
GRAP 105	<b><u>Transfer of Functions between Entities under Common Control</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
GRAP 106	<b><u>Transfer of Functions between Entities not under Common Control</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown

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<b>GRAP 107</b>	<b><u>Mergers</u></b> No significant impact is expected as the Municipality does not participate in such business transactions.	Unknown
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These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

## **1.7. FOREIGN CURRENCY TRANSACTIONS**

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

## **1.8. HOUSING DEVELOPMENT FUND**

The Housing Development Fund was established in terms of the Housing Act, (Act No 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund.

Housing selling schemes both complete and in progress as at 1 April 1998 were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

## **1.9. RESERVES**

### **1.9.1. *Capital Replacement Reserve (CRR)***

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The funds in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

## **1.10. LEASES**

### **1.10.1. *Municipality as Lessee***

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease

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agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

**1.10.2. Municipality as Lessor**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

**1.11. BORROWING COST**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

**1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

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This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

### **1.13. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- (a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognised because:
  - i. it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii. the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

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Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
  - the principal locations affected;
  - the location, function and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date. This means:

- Provisions for one-off events are measured at the most likely outcome;
- Provisions for large populations of events are measured at a probability-weighted expected value; and
- Both measurements are discounted (where the effect is material) using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the liability.

#### **1.14. EMPLOYEE BENEFITS**

***(a) Post Retirement Medical obligations***

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

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These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(b) Long Service Awards**

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

**(c) Accrued Leave Pay**

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

**(d) Staff Bonuses**

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

**1.15. PROPERTY, PLANT AND EQUIPMENT**

**1.15.1. Initial Recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are



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initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**1.15.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**1.15.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:



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	<i>Years</i>		<i>Years</i>
<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	5 - 50	Buildings	5 - 30
Pedestrian Malls	20	Specialist vehicles	10
Electricity	6 – 50	Other vehicles	5
Water	3 - 100	Office equipment	5 - 30
Sewerage	5 - 100	Furniture and fittings	5 - 30
Housing	30	Watercraft	15
		Bins and containers	5
<b><u>Community</u></b>		Specialised plant and Equipment	5 - 30
Buildings	5 - 30	Other plant and Equipment	2-5
Recreational Facilities	20-30	Landfill sites	20
Security	5	Quarries	25
Halls	20-30	Emergency equipment	10
Libraries	20-30	Computer equipment	3
Parks and gardens	20-30		
Other assets	15-20		
<b><u>Heritage assets</u></b>			
No depreciation			
<b><u>Finance lease assets</u></b>			
Office equipment	3		
Other assets	5		
Cellphones	2		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

#### **1.15.4. De-recognition**

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or

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retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.15.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

**1.16. INTANGIBLE ASSETS**

**1.16.1. Initial Recognition**

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

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Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**1.16.2. Subsequent Measurement – Cost Model**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**1.16.3. Amortisation and Impairment**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	5
Computer Software Licenses	5

**1.16.4. De-recognition**

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.16.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2007.

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**1.17. INVESTMENT PROPERTY**

**1.17.1. Initial Recognition**

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

**1.17.2. Subsequent Measurement – Cost Model**

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

**1.17.3. Depreciation and Impairment**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

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**1.17.4. De-recognition**

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**1.17.5. Application of deemed cost (Directive 7)**

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2007.

**1.18. CONSTRUCTION CONTRACTS**

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

**1.19. NON-CURRENT ASSETS HELD FOR SALE**

**1.19.1. Initial Recognition**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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**1.19.2. Subsequent Measurement**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

**1.20. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**1.20.1. Cash generating assets**

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

**1.20.2. Non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

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The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer



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exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

## **1.21. INVENTORY**

### ***1.21.1. Initial Recognition***

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

### ***1.21.2. Subsequent Measurement***

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down to the lower of cost or net realisable value. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in-first-out method.



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**1.22. FINANCIAL INSTRUMENTS**

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and trade and other payables.

**1.22.1. Initial Recognition**

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**1.22.2. Subsequent Measurement**

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. , Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

**1.22.2.1. Trade and Other Receivables**

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount

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based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

**1.22.2.2. *Payables and Annuity Loans***

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

**1.22.2.3. *Cash and Cash Equivalents***

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1.22.3. *De-recognition***

**1.22.3.1. *Financial Assets***

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and

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rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

**1.22.3.2. *Financial Liabilities***

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

**1.22.4. *Offsetting***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**1.23. REVENUE**

**1.23.1. *Revenue from Non-Exchange Transactions***

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or

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receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised based on an estimation of future collections of fines issued based on prior period trends and collection percentages.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the

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conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

**1.23.2. Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash

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equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

#### **1.24. RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2<sup>nd</sup> and 3<sup>rd</sup> bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity is the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

#### **1.25. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.26. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular



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expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.27. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28. CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Management judgement is required when recognising and measuring contingent liabilities.

**1.29. PRESENTATION OF BUDGET INFORMATION**

The presentation of budget information was prepared in accordance with the best practice guidelines issued by National Treasury. The presentation of budget information is in line with the basis of accounting as per the GRAP Framework. GRAP 24: Presentation of Budget Information in Financial Statements is not yet effective. This standard brings new rules in respect of presentation of budget information.

**1.30. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

***Post retirement medical obligations and Long service awards***

The cost of post retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.



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***Impairment of trade receivables***

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

***Property, plant and equipment***

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining useful lives of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining useful lives of the assets.

***Intangible assets***

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

***Investment Property***

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

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For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

***Provisions and contingent liabilities***

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

***Revenue Recognition***

Accounting Policy 1.23.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.23.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.31. TAXES – VALUE ADDED TAX**

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

**1.32. AMENDED DISCLOSURE POLICY**

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>2. NET ASSET RESERVES</b>		
RESERVES	4 015 655	14 706 898
Capital Replacement Reserve	2 900 000	13 539 700
Housing Development Fund	1 115 655	1 167 198
<b>Total Net Asset Reserve and Liabilities</b>	<b>4 015 655</b>	<b>14 706 898</b>
<b>2.1</b> The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
<b>2.2</b> The Housing Development Fund was established in terms of section 15 (5) and 16 of the Housing Act, Act 107 of 1997. The proceeds in this fund are utilised for housing development projects approved by the MEC. Any surplus/(deficit) on the Housing Department in the Statement of Financial Performance is transferred to the Housing Development Fund.		
<b>3. LONG TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	45 074 692	34 219 188
Capitalised Lease Liability - At amortised cost	362 512	77 280
Correction of Error - Note 38.5	-	8 087
	<b>45 437 204</b>	<b>34 304 555</b>
<b>Less:</b> Current Portion transferred to Current Liabilities	<b>(2 677 839)</b>	<b>(1 931 571)</b>
Annuity Loans - At amortised cost	(2 547 984)	(1 869 474)
Capitalised Lease Liability - At amortised cost	(129 854)	(62 097)
	<b>42 759 366</b>	<b>32 372 984</b>
<b>Plus:</b> Unamortised charges on loans	<b>3 587 817</b>	<b>1 022 929</b>
Balance 1 July	1 022 929	(3 139 193)
Adjustment for the period	2 564 888	3 556 565
Restatement of prior year comparatives - Note 38.5		605 558
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>46 347 183</b>	<b>33 395 913</b>
<b>3.1</b> The obligations under finance leases are scheduled below:		
	<b>Minimum lease payments</b>	
Amounts payable under finance leases:		
Payable within one year	227 727	67 389
Payable within two to five years	294 296	15 827
Payable after five years	-	-
	<b>522 023</b>	<b>83 216</b>
<b>Less:</b> Future finance obligations	<b>(159 512)</b>	<b>(5 936)</b>
<b>Present value of finance lease obligations</b>	<b>362 511</b>	<b>77 280</b>
Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.		
<b>4. NON-CURRENT PROVISIONS</b>		
Provision for Rehabilitation of Landfill-sites	22 977 266	21 472 169
<b>Total Non-current Provisions</b>	<b>22 977 266</b>	<b>21 472 169</b>
<b>4.1 Landfill Sites</b>		
Balance 1 July	21 472 169	16 024 606
Contribution for the year	1 505 097	4 447 755
Change in Accounting Policy - Note 37.2	-	999 808
<b>Total provision 30 June</b>	<b>22 977 266</b>	<b>21 472 169</b>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 7	<b>-</b>	<b>-</b>
<b>Balance 30 June</b>	<b>22 977 266</b>	<b>21 472 169</b>

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

In terms of the licensing of the landfill refuse site, the municipality will incur rehabilitation costs of R36 050 019 to restore the sites at the end of their useful lives, estimated to be in 2016 and 2021. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

Since the previous reporting date the following provisions were measured in accordance with GRAP 19 and restated retrospectively:

	<b>2011 R</b>	<b>2010 R</b>
Refuse tip-sites financed by way of a provision	-	21 472 169
	<u>-</u>	<u>21 472 169</u>
<b>5. NON-CURRENT EMPLOYEE BENEFITS</b>		
Provision for Post Retirement Health Care Benefits	16 421 151	12 747 919
Provision for Long Service Awards	2 705 469	2 242 505
<b>Total Non-current Employee Benefits</b>	<u><b>19 126 620</b></u>	<u><b>14 990 424</b></u>
<b><u>Post Retirement Health Care Benefits</u></b>		
Balance 1 July	13 305 919	13 132 509
Contribution for the year	1 836 159	1 890 440
Expenditure for the year	(612 994)	(555 820)
Actuarial Loss/(Gain)	2 478 639	(1 161 210)
<b>Total provision 30 June</b>	<u><b>17 007 723</b></u>	<u><b>13 305 919</b></u>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 8	<u>(586 572)</u>	<u>(558 000)</u>
<b>Balance 30 June</b>	<u><b>16 421 151</b></u>	<u><b>12 747 919</b></u>
<b><u>Long Service Awards</u></b>		
Balance 1 July	2 484 773	2 181 609
Contribution for the year	544 299	473 860
Expenditure for the year	(311 744)	(249 365)
Actuarial Loss/(Gain)	158 396	78 669
<b>Total provision 30 June</b>	<u><b>2 875 724</b></u>	<u><b>2 484 773</b></u>
<b>Less:</b> Transfer of Current Portion to Current Provisions - Note 8	<u>(170 255)</u>	<u>(242 268)</u>
<b>Balance 30 June</b>	<u><b>2 705 469</b></u>	<u><b>2 242 505</b></u>
<b>5.1 Provision for Post Retirement Health Care Benefits</b>		
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	158	169
Continuation members (e.g. Retirees, widows, orphans)	24	25
<b>Total Members</b>	<u><b>182</b></u>	<u><b>194</b></u>
The liability in respect of past service has been estimated to be as follows:		
In-service members	9 081 144	6 680 307
Continuation members	7 926 579	6 625 612
<b>Total Liability</b>	<u><b>17 007 723</b></u>	<u><b>13 305 919</b></u>
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
	<b>2009 R</b>	<b>2008 R</b>
In-service members	7 147 644	6 417 788
Continuation members	5 984 865	5 427 006
<b>Total Liability</b>	<u><b>13 132 509</b></u>	<u><b>11 844 794</b></u>
		<b>2007 R</b>
In-service members		5 131 260
Continuation members		4 371 073
<b>Total Liability</b>		<u><b>9 502 333</b></u>

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas  
Hosmed  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R846 263, whereas the Interest Cost for the next year is estimated to be R1 445 300.

Key actuarial assumptions used:	2011 %	2010 %
<b>i) Rate of interest</b>		
Discount rate	8.64	9.22
Health Care Cost Inflation Rate	7.32	7.27
Net Effective Discount Rate	1.23	1.82

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

The normal retirement age for employees of the municipality is 63 years.

	2011 R	2010 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	17 007 723	13 305 919
Fair value of plan assets	-	-
	<u>17 007 723</u>	<u>13 305 919</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<u><b>17 007 723</b></u>	<u><b>13 305 919</b></u>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	13 305 919	13 132 509
Total expenses	1 223 165	1 334 620
Current service cost	634 475	716 496
Interest Cost	1 201 684	1 173 944
Benefits Paid	(612 994)	(555 820)
Actuarial (gains)/losses	2 478 639	(1 161 210)
Present value of fund obligation at the end of the year	<u>17 007 723</u>	<u>13 305 919</u>

**Reconciliation of fair value of plan assets:**

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

## Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	9.081	7.927	17.008	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	11.118	8.854	19.972	17.00%
Health care inflation	-1%	7.483	7.138	14.621	-14.00%
Post-retirement mortality	-1 year	9.400	8.228	17.628	4.00%
Average retirement age	-1 year	10.039	7.927	17.966	6.00%
Withdrawal Rate	-50%	9.954	7.927	17.880	5.00%

## 5.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 350 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R309 244 whereas the Interest Cost for the next year is estimated to be R219 229.

Key actuarial assumptions used:	2011 %	2010 %
i) Rate of interest		
Discount rate	7.85	9.10
General Salary Inflation (long-term)	6.28	6.43
Net Effective Discount Rate applied to salary-related Long Service Bonuses	1.47	2.51

	2011 R	2010 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2 875 724	2 484 773
Fair value of plan assets	-	-
	<u>2 875 724</u>	<u>2 484 773</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
<b>Net liability/(asset)</b>	<b><u>2 875 724</u></b>	<b><u>2 484 773</u></b>

## Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	2 484 773	2 181 609
Total expenses	232 555	224 495
Current service cost	328 940	282 409
Vested past service cost	-	-
Interest Cost	215 359	191 451
Benefits Paid	(311 744)	(249 365)
Actuarial (gains)/losses	158 396	78 669
Present value of fund obligation at the end of the year	<b><u>2 875 724</u></b>	<b><u>2 484 773</u></b>

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>Reconciliation of fair value of plan assets:</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
	<hr/>	<hr/>
Fair value of plan assets at the end of the year	<hr/>	<hr/>

**Sensitivity Analysis on the Unfunded Accrued Liability**

	<b>Change</b>	<b>Liability (Rm)</b>	<b>% change</b>
<b>Assumption</b>			
Central assumptions		2.876	8.00%
General salary inflation	1%	3.107	-7.00%
General salary inflation	-1%	2.669	-15.00%
Average retirement age	-2 yrs	2.432	10.00%
Average retirement age	2 yrs	3.157	19.00%
Withdrawal rates	-50%	3.431	

**5.3 Retirement funds**

**CAPE JOINT PENSION FUND**

The contribution rate payable is 9%, by the members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2010 revealed that the fund is in a sound financial position with a funding level of 100% (30 June 2009 - 100%). Since the fund's financial year end at 30 June 2009, its actuary had been investigating the investment return for the past financial year. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The pro-rata portion owed by the Municipality was calculated at R979 282. Refer to note 8 for provision made.

Contributions paid recognised in the Statement of Financial Performance	<hr/>	<hr/>
	148 404	121 482

**CAPE JOINT RETIREMENT FUND**

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2009 revealed that the fund is in a sound financial position with a funding level of 103,3% (30 June 2008 - 105,3%).

Contributions paid recognised in the Statement of Financial Performance	<hr/>	<hr/>
	1 890 010	1 700 915

**DEFINED CONTRIBUTION FUNDS**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SALA Pension Fund	15 800	14 243
Municipal Councillors Pension Fund	210 923	159 519
IMATU Retirement Fund		
SAMWU National Provident Fund	825 151	783 765
	<hr/>	<hr/>
	1 051 874	957 527

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>6. CONSUMER DEPOSITS</b>		
Water and Electricity	2 154 203	2 021 807
<b>Total Consumer Deposits</b>	<b>2 154 203</b>	<b>2 021 807</b>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

**7. PROVISIONS**

Current Portion of Rehabilitation of Landfill Sites - Note 4

**Total Provisions**

-	-
-	-

The movement in current provisions are reconciled as follows:

**7.1 Rehabilitation of Landfill Sites**

Balance at beginning of year	-	400 000
Change in Accounting Policy	-	(400 000)
Contribution to provision	-	-
Expenditure incurred	-	-
Balance at end of year	-	-

**8. CURRENT EMPLOYEE BENEFITS**

Staff Bonuses	1 548 939	1 447 886
Staff Leave	2 654 349	2 455 758
TASK Evaluation	821 799	-
Shortfall in Cape Joint Pension Fund	1 133 951	979 282
Current Portion of Non-Current Provisions	756 827	800 268
Current Portion of Post Retirement Benefits - Note 5	586 572	558 000
Current Portion of Long-Service Provisions - Note 5	170 255	242 268
<b>Total Provisions</b>	<b>6 915 864</b>	<b>5 683 194</b>

The movement in current employee benefits are reconciled as follows:

**8.1 Staff Bonuses**

Balance at beginning of year	1 447 886	1 128 195
Contribution to current portion	2 944 444	2 556 753
Expenditure incurred	(2 843 391)	(2 237 063)
Balance at end of year	<b>1 548 939</b>	<b>1 447 886</b>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

**8.2 Staff Leave**

Balance at beginning of year	2 455 758	2 054 385
Contribution to current portion	872 471	849 747
Expenditure incurred	(673 881)	(448 373)
Balance at end of year	<b>2 654 349</b>	<b>2 455 758</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>8.3 <u>TASK Evaluation</u></b>		
Balance at beginning of year	-	-
Transfer from non-current	-	-
Contribution to current portion	821 799	-
Expenditure incurred	-	-
Balance at end of year	<b>821 799</b>	<b>-</b>

The Categorisation and Job Evaluation Wage Curves Collective Agreement became effective on 1 July 2011. Hereby all employees (excluding Municipal Manager, Section 57 Managers and contractual employees) are to receive new wage rates as a result of their jobs being evaluated as per the TASK Job Evaluation System and published by SALGBC. Qualifying employees will receive back pay as from 1 October 2010.

**8.4 Shortfall in Cape Joint Pension Fund**

Balance at beginning of year	979 282	-
Transfer from non-current	-	-
Contribution to current portion	-	935 493
Interest incurred	154 669	43 789
Balance at end of year	<b>1 133 951</b>	<b>979 282</b>

Actuaries have investigate the investment return of the Fund for the year ended 30 June 2009. It was reported that the established investment return was -0.94%. Local authorities, including the Municipality, associated with the fund are under an obligation to contribute pro-rata to the fund such a sum as will make up for any shortfall between the actual earnings and an investment return of 5.5% on all its assets. The liability for the pro-rata portion owed by the Municipality is recognised.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 5 to the Financial Statements.

**9. PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade Payables	7 803 089	13 116 809
Interest Accrued	58 057	64 474
Payments received in advance	1 042 318	942 808
Retentions	9 774	9 774
Other Creditors	4 254 697	4 158 923
Deposits: Other	390 763	386 881
Correction of Error - Note 38.1	-	(16 439)
<b>Total Trade Payables</b>	<b>13 558 698</b>	<b>18 663 230</b>

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

Payables are not secured.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include Hall, Builders and Housing Deposits.

**BERGRIVIER MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>10. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>		
Unspent Grants	6 865 432	4 080 839
National Government Grants	261 344	2 741 496
Provincial Government Grants	6 318 353	977 399
District Municipality	46 952	-
Other Sources	238 783	361 944
<b>Less:</b> Unpaid Grants	(1 159 110)	(4 103 715)
National Government Grants	(57 956)	(2 560 682)
Provincial Government Grants	(1 101 154)	(1 543 033)
District Municipality	-	-
Other Sources	-	-
<b>Total Conditional Grants and Receipts</b>	<b>5 706 322</b>	<b>(22 876)</b>

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**11. TAXES**

11.1 VAT Payable/(Receivable)	(825 844)	853 717
Correction of Error - Note 38.3	-	(2 376 269)
<b>Total Taxes</b>	<b>(825 844)</b>	<b>(1 522 551)</b>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**12. SHORT-TERM LOANS**

The Municipality has no short term loans.

**BERGRIVIER MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**13. PROPERTY, PLANT AND EQUIPMENT**

**13.1 30 JUNE 2011**

<b>Reconciliation of Carrying Value</b>	<b>Land and Buildings R</b>	<b>Infrastructure R</b>	<b>Community R</b>	<b>Heritage R</b>	<b>Lease Assets R</b>	<b>Other R</b>	<b>Housing R</b>	<b>Total R</b>
<b>Carrying value at 1 July 2010</b>	15 102 499	123 420 956	10 119 323	-	71 603	26 979 961	-	175 694 342
<b>Cost</b>	20 246 669	157 947 025	13 903 636	-	163 987	34 411 397	-	226 672 714
Original Cost	20 246 669	152 117 114	13 903 636	-	163 987	34 216 470	-	220 647 876
Change in Accounting Policy - Note 37.3	-	5 829 911	-	-	-	194 927	-	6 024 838
<b>Accumulated Depreciation</b>	(5 144 170)	(34 526 069)	(3 784 313)	-	(92 384)	(7 431 436)	-	(50 978 372)
Original Cost	(5 144 170)	(34 526 069)	(3 784 313)	-	(92 384)	(7 431 436)	-	(50 978 372)
<b>Acquisitions</b>	88 328	2 033 586	229 009	-	411 674	1 759 975	-	4 522 572
<b>Capital under Construction</b>	22 084 622	3 582 535	-	-	-	-	-	25 667 157
<b>Depreciation</b>	(646 926)	(6 231 417)	(615 248)	-	(139 172)	(4 526 035)	-	(12 158 798)
Normal Depreciation	(646 926)	(6 231 417)	(615 248)	-	(139 172)	(4 526 035)	-	(12 158 798)
Backlog Depreciation previously not recorded	-	-	-	-	-	-	-	-
<b>Carrying value of disposals</b>	-	-	-	-	-	(107 399)	-	(107 399)
Cost	-	-	-	-	(99 256)	(468 781)	-	(568 037)
Accumulated Depreciation	-	-	-	-	99 256	361 382	-	460 638
<b>Carrying value at 30 June 2011</b>	36 628 523	122 805 660	9 733 084	-	344 105	24 106 502	-	193 617 873
<b>Cost</b>	42 419 620	163 563 146	14 132 645	-	476 405	35 702 591	-	256 294 407
Original Cost	42 419 620	163 563 146	14 132 645	-	476 405	35 702 591	-	256 294 407
<b>Accumulated Depreciation</b>	(5 791 097)	(40 757 487)	(4 399 562)	-	(132 300)	(11 596 089)	-	(62 676 535)
Original Cost	(5 791 097)	(40 757 487)	(4 399 562)	-	(132 300)	(11 596 089)	-	(62 676 535)

**BERGRIVIER MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**13.2 30 JUNE 2010**

<b>Reconciliation of Carrying Value</b>	<b>Land and Buildings R</b>	<b>Infrastructure R</b>	<b>Community R</b>	<b>Heritage R</b>	<b>Lease Assets R</b>	<b>Other R</b>	<b>Housing R</b>	<b>Total R</b>
<b>Carrying value at 1 July 2009</b>	17 386 021	94 271 740	9 675 041	2 497 527	284 132	22 979 673	346 201	147 440 335
<b>Cost</b>	22 108 993	121 242 981	12 983 644	2 544 705	1 303 987	27 713 138	336 686	188 234 134
Original Cost	29 771 873	105 967 726	12 983 644	2 544 705	1 289 882	27 908 065	336 686	180 802 581
Correction of Error - Note 38.4	(7 662 880)	(2 753 193)	-	-	14 105	(194 927)	-	(10 596 895)
Change in Accounting Policy - Note 37.3	-	18 028 448	-	-	-	-	-	18 028 448
<b>Accumulated Depreciation</b>	(4 722 972)	(26 971 241)	(3 308 603)	(47 178)	(1 019 855)	(4 733 465)	9 515	(40 793 799)
Original Cost	(7 099 727)	(30 088 186)	(3 958 064)	(51 919)	(1 015 467)	(10 300 649)	(549)	(52 514 561)
Correction of Error - Note 38.4	2 376 755	6 346 687	649 461	4 741	(4 388)	5 567 184	10 064	14 950 504
Change in Accounting Policy - Note 37.4	-	(3 229 742)	-	-	-	-	-	(3 229 742)
<b>Acquisitions</b>	1 174 275	23 213 809	1 371 914	-	-	5 780 915	-	31 540 913
<b>Capital under Construction</b>	9 428 190	1 054 338	-	-	-	-	-	10 482 528
<b>Correction of Fixed Asset Register Classification in current year</b>	(12 466 487)	6 623 122	(454 444)	(2 493 235)	-	565 484	(336 327)	(8 561 887)
Cost	(12 464 789)	6 605 986	(451 922)	(2 544 706)	-	749 229	(336 686)	(8 442 888)
Accumulated Depreciation	(1 698)	17 136	(2 522)	51 471	-	(183 745)	359	(118 999)
<b>Depreciation</b>	(419 501)	(7 571 962)	(473 189)	(4 292)	(212 528)	(2 541 040)	(9 874)	(11 232 386)
Normal Depreciation	(419 501)	(5 957 091)	(473 189)	(4 292)	(212 528)	(2 541 040)	(9 874)	(9 617 515)
Backlog Depreciation previously not recorded	-	(1 614 871)	-	-	-	-	-	(1 614 871)
<b>Carrying value of disposals</b>	-	-	-	-	-	-	-	-
Cost	-	-	-	-	(1 140 000)	-	-	(1 140 000)
Accumulated Depreciation	-	-	-	-	1 140 000	-	-	1 140 000
<b>Impairment losses</b>	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	(26 813)	-	(26 813)
Accumulated Depreciation	-	-	-	-	-	26 813	-	26 813
<b>Carrying value at 30 June 2010</b>	15 102 498	117 591 047	10 119 322	-	71 604	26 785 032	-	169 669 503
<b>Cost</b>	20 246 669	152 117 114	13 903 636	-	163 987	34 216 470	-	220 647 876
Original Cost	20 246 669	152 117 114	13 903 636	-	163 987	34 216 470	-	220 647 876
<b>Accumulated Depreciation</b>	(5 144 170)	(34 526 069)	(3 784 313)	-	(92 384)	(7 431 436)	-	(50 978 372)
Original Cost	(5 144 170)	(34 526 069)	(3 784 313)	-	(92 384)	(7 431 436)	-	(50 978 372)

Refer to Appendix B for a more detailed disclosure of Property, Plant and Equipment.

Since the previous reporting date the following Property, Plant and Equipment were measured in accordance with GRAP 17 and restated retrospectively:

Refuse tip-sites financed by way of a provision	18 028 448
Other assets previously recognised at provisional amounts	6 024 838
Changes to accumulated depreciation as a result of reviewing of remaining useful lives for the first-time	14 954 892

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>13.3 Assets pledged as security:</b>		
Leased Property, Plant and Equipment of R344 106 is secured for leases as set out in Note 3.		
<b>14. INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	<b>14 512 880</b>	<b>14 512 880</b>
Cost	14 512 880	-
Correction of Error - Note 38.6	-	14 512 880
Accumulated Depreciation	-	-
Acquisitions	-	-
Depreciation for the year	-	-
<b>Net Carrying amount at 30 June</b>	<b>14 512 880</b>	<b>14 512 880</b>
Cost	14 512 880	14 512 880
Accumulated Depreciation	-	-
Revenue derived from the rental of investment property	72 491	83 881
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
There are no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:		
Land		14 512 880
Buildings		-
	-	<b>14 512 880</b>
<b>15. INTANGIBLE ASSETS</b>		
<b>Net Carrying amount at 1 July</b>	<b>167 992</b>	<b>194 927</b>
Cost	194 927	-
Correction of Error - Note 38.7	-	194 927
Accumulated Amortisation	(26 935)	-
Acquisitions	85 425	-
Amortisation	(49 021)	(26 935)
<b>Net Carrying amount at 30 June</b>	<b>204 396</b>	<b>167 992</b>
Cost	280 352	194 927
Accumulated Amortisation	(75 956)	(26 935)
No intangible assets were assessed having an indefinite useful life.		
There are no internally generated intangible assets at reporting date.		
There are no intangible assets whose title is restricted.		
There are no intangible assets pledged as security for liabilities.		
There are no contractual commitments for the acquisition of intangible assets.		
Since the previous reporting date the following Intangible Assets were measured in accordance with GRAP 102 and restated retrospectively:		
Computer software	-	194 927
Accumulated amortisation on computer software	-	(26 935)
	-	<b>167 992</b>

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>16. LONG TERM RECEIVABLES</b>		
Sport Organisation Loans - At amortised cost	48 900	96 851
Housing Loans - At amortised cost	213 850	243 313
	262 751	340 164
<b>Less:</b> Unamortised Discount on Loans	(4 801)	(9 073)
Balance 1 July	(9 073)	(57 750)
Adjustment for the period	4 272	48 677
	257 949	331 091
<b>Less:</b> Current portion transferred to current receivables	(238 527)	(291 264)
Sport Organisation Loans - At amortised cost	(24 677)	(47 951)
Housing Loans - At amortised cost	(213 850)	(243 313)
	19 422	39 827
<b>Less:</b> Provision for Impairment of Long Term Receivables	-	-
<b>Total Long Term Receivables</b>	<b>19 422</b>	<b>39 827</b>
<b>17. INVENTORY</b>		
Fuel - At cost	154 644	149 920
Correction of Error - Note 38.9	-	(214 738)
Water - At purification cost	92 895	83 341
<b>Total Inventory</b>	<b>247 539</b>	<b>18 523</b>

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

<b>18. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	7 293 472	7 596 675
Water	4 998 199	4 212 505
Housing Rentals	118 561	280 410
Refuse	5 375 500	4 490 095
Sewerage	4 143 848	3 752 079
Other Arrears	13 765 304	12 511 271
<b>Total: Receivables from exchange transactions (before provision)</b>	<b>35 694 883</b>	<b>32 843 036</b>
Provision for Impairments	(5 856 329)	(7 195 808)
<b>Total: Receivables from exchange transactions (after provision)</b>	<b>29 838 554</b>	<b>25 647 228</b>

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

The fair value of receivables approximate their carrying value.

**(Electricity): Ageing**

Current (0 - 30 days)	3 496 742	4 183 644
31 - 60 Days	1 010 707	788 791
61 - 90 Days	241 143	194 843
+ 90 Days	2 544 880	2 429 397
<b>Total</b>	<b>7 293 472</b>	<b>7 596 675</b>

**(Water): Ageing**

Current (0 - 30 days)	1 055 819	758 894
31 - 60 Days	501 581	395 239
61 - 90 Days	241 458	250 474
+ 90 Days	3 199 341	2 807 899
<b>Total</b>	<b>4 998 199</b>	<b>4 212 505</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b><u>(Housing): Ageing</u></b>		
Current (0 - 30 days)	4 093	5 790
31 - 60 Days	2 559	3 890
61 - 90 Days	2 339	3 231
+ 90 Days	109 570	267 500
<b>Total</b>	<b>118 561</b>	<b>280 410</b>

<b><u>(Refuse): Ageing</u></b>		
Current (0 - 30 days)	887 101	806 429
31 - 60 Days	421 600	412 526
61 - 90 Days	245 543	238 465
+ 90 Days	3 821 255	3 032 676
<b>Total</b>	<b>5 375 500</b>	<b>4 490 095</b>

<b><u>(Sewerage): Ageing</u></b>		
Current (0 - 30 days)	555 186	526 718
31 - 60 Days	270 738	279 636
61 - 90 Days	160 128	171 859
+ 90 Days	3 157 795	2 773 865
<b>Total</b>	<b>4 143 848</b>	<b>3 752 079</b>

<b><u>(Other): Ageing</u></b>		
Current (0 - 30 days)	6 787 319	6 734 887
31 - 60 Days	183 599	107 659
61 - 90 Days	144 302	110 324
+ 90 Days	6 650 083	5 558 402
<b>Total</b>	<b>13 765 304</b>	<b>12 511 271</b>

<b><u>(Total): Ageing</u></b>		
Current (0 - 30 days)	12 786 260	13 016 360
31 - 60 Days	2 390 785	1 987 741
61 - 90 Days	1 034 914	969 196
+ 90 Days	19 482 924	16 869 739
<b>Total</b>	<b>35 694 883</b>	<b>32 843 036</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	7 195 808	6 839 662
Contribution to provision	-	599 420
VAT provision on contribution	(26 484)	83 919
Bad Debts written off against provision	(1 123 824)	(327 192)
Reversal of provision	(189 171)	-
<b>Balance at end of year</b>	<b>5 856 329</b>	<b>7 195 808</b>

The total amount of this provision is R5 856 329 and consist of:

Services	5 018 860	6 300 461
Other Debtors	837 469	895 347
<b>Total Provision for Bad Debts on Receivables from exchange transactions</b>	<b>5 856 329</b>	<b>7 195 808</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>19. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Taxes - Rates	13 091 597	9 632 924
Other Receivables	5 309 775	4 015 893
Other Receivables	5 309 775	3 995 676
Correction of Error - Note 38.2	-	20 217
	<b>18 401 371</b>	<b>13 648 817</b>
<b>Less:</b> Provision for bad debts	<b>(4 079 516)</b>	<b>(1 779 149)</b>
<b>Total Receivables from non-exchange transactions</b>	<b>14 321 856</b>	<b>11 869 668</b>

The fair value of other receivables approximate their carrying value.

**(Rates): Ageing**

Current (0 - 30 days)	1 785 117	1 849 465
31 - 60 Days	735 678	596 805
61 - 90 Days	567 521	367 548
+ 90 Days	10 003 281	6 819 107
<b>Total</b>	<b>13 091 597</b>	<b>9 632 924</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	1 779 149	1 779 149
Contribution to provision	2 612 433	-
Bad Debts written off against provision	(312 066)	-
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>4 079 516</b>	<b>1 779 149</b>

The total amount of this provision is R4 079 516 and consist of:

Taxes	4 079 516	1 779 149
Other	-	-
<b>Total Provision for Bad Debts on Trade Receivables from non-exchange transactions</b>	<b>4 079 516</b>	<b>1 779 149</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

**20. OPERATING LEASE ARRANGEMENTS**

**20.1 The Municipality as Lessee**

Operating Lease Asset	58 202	50 774
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**Reconciliation**

Balance at the beginning of the year	50 774	37 729
Movement during the year	7 428	13 045
<b>Balance at the end of the year</b>	<b>58 202</b>	<b>50 774</b>



**BERGRIVIER MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
Up to 1 Year	167 360	168 746
1 to 5 Years	360 695	458 459
More than 5 Years	1 471 045	1 539 158
<b>Total Operating Lease Arrangements</b>	<b>1 999 100</b>	<b>2 166 363</b>
This operating lease expenditure determined from contracts that have a specific condition expenditure and does not include leases which has a undetermined conditional expenditure.		
<b>20.2 The Municipality as Lesser</b>		
Operating Lease Liability	22 689	34 400
<b><u>Reconciliation</u></b>		
Balance at the beginning of the year	34 400	38 954
Movement during the year	(11 711)	(4 554)
Balance at the end of the year	<b>22 689</b>	<b>34 400</b>
At the Statement of Financial Position date, where the municipality acts as a lesser under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	59 685	171 958
1 to 5 Years	51 660	111 345
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	<b>111 345</b>	<b>283 303</b>
This operating lease income determined from contracts that have a specific condition income and does not include leases which has a undetermined conditional income.		
<b>21. BANK ACCOUNTS</b>		
<b>21.1 <u>Cash and Cash Equivalents</u></b>		
Current Accounts	14 600 999	12 411 300
Correction of Error - Note 38.8	-	7 807
Cash Floats	9 700	9 500
<b>Total Cash and Cash Equivalents</b>	<b>14 610 699</b>	<b>12 428 607</b>
<b>21.2 <u>Short-term Investments</u></b>		
Call Investments Deposits	-	10 003 836
<b>Total Short-term Investments</b>	<b>-</b>	<b>10 003 836</b>
Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.		
The municipality has the following bank accounts:		
<b><u>Current Accounts</u></b>		
ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):	14 600 999	12 165 994
ABSA Bank Limited - Account Number 9125 109 603 (Traffic Account):	-	293 613
	<b>14 600 999</b>	<b>12 459 607</b>
<b><u>Call Investment Deposits</u></b>		
Nedbank Bank Limited - Account Number 7881004312 (Call Account):	-	10 003 836
	<b>-</b>	<b>10 003 836</b>

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
Details of bank accounts are as follow:		
<b>ABSA Bank Limited - Account Number 11 8056 0153 (Primary Bank Account):</b>		
Cash book balance at beginning of year	12 165 994	32 292 224
Cash book balance at end of year	14 600 999	12 165 994
Bank statement balance at beginning of year	12 165 994	36 962 850
Bank statement balance at end of year	23 402 932	12 165 994
<b>ABSA Bank Limited - Account Number 91 2510 9603 (Traffic Account):</b>		
Cash book balance at beginning of year	293 613	199 260
Cash book balance at end of year	-	293 613
Bank statement balance at beginning of year	293 613	199 260
Bank statement balance at end of year	3 435	293 613
<b>Nedbank Bank Limited - Account Number 7881 004 312 (Call Account):</b>		
Cash book balance at beginning of year	10 003 836	-
Cash book balance at end of year	-	10 003 836
Bank statement balance at beginning of year	10 003 836	-
Bank statement balance at end of year	-	10 003 836

**22. PROPERTY RATES**

**Actual**

Rateable Land and Buildings	32 470 101	29 200 086
<b>Less:</b> Rebates	(1 446 891)	(1 098 444)
<b>Total Assessment Rates</b>	<b>31 023 210</b>	<b>28 101 641</b>

**Valuations - 1 July 2010**

<b>Rateable Land and Buildings</b>	<b>6 839 105 742</b>	<b>6 714 206 742</b>
Residential Property	3 763 087 161	3 581 090 961
Commercial Property	456 226 700	541 620 050
Industrial Property	181 442 150	247 012 850
Public Benefits Organisations	179 371 690	101 213 770
Agricultural Purposes	2 170 022 699	1 883 676 690
State - National/ Provincial Services	3 885 000	306 909 860
Municipal Property	85 070 342	52 172 561
Vacant Property	-	510 000
<b>Less: Income Forgone</b>	<b>-</b>	<b>-</b>
<b>Total Assessment Rates</b>	<b>6 839 105 742</b>	<b>6 714 206 742</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

**Basic Rate**

Residential	0.653c/R
Commercial	0.653c/R
Agricultural	0.098c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - The first R20 000 on the valuation is exempted.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>23. GOVERNMENT GRANTS AND SUBSIDIES</b>		
<b><u>Unconditional</u></b>		
Equitable Share	18 735 097	14 791 000
<b><u>Conditional</u></b>	23 657 714	20 275 104
Grants and Donations	23 657 714	20 275 104
Subsidies	-	-
<b>Total Government Grants and Subsidies</b>	<b>42 392 811</b>	<b>35 066 104</b>
Government Grants and Subsidies - Operating	26 380 822	33 364 266
Government Grants and Subsidies - Capital	16 011 989	1 701 838
<b>Total Government Grants and Subsidies</b>	<b>42 392 811</b>	<b>35 066 104</b>
<b>23.1 <u>Equitable Share</u></b>		
Opening balance	(2 223 939)	-
Grants received	20 959 036	12 567 061
Conditions met - Operating	(18 735 097)	(14 791 000)
Conditions met - Capital	-	-
Conditions still to be met	-	(2 223 939)
The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
<b>23.2 <u>Local Government Financial Management Grant (FMG)</u></b>		
Opening balance	(336 744)	338 241
Grants received	1 000 000	750 000
Conditions met - Operating	(721 213)	(1 424 985)
Conditions met - Capital	-	-
Conditions still to be met	(57 957)	(336 744)
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
<b>23.3 <u>Municipal Systems Improvement Grant (MSIG)</u></b>		
Opening balance	72 936	34 552
Grants received	750 000	735 000
Conditions met - Operating	(577 258)	(696 616)
Conditions met - Capital	(237 313)	-
Conditions still to be met	8 365	72 936
The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
<b>23.4 <u>Municipal Infrastructure Grant (MIG)</u></b>		
Opening balance	2 668 560	-
Grants received	8 087 000	6 385 000
Conditions met - Operating	-	(3 716 440)
Conditions met - Capital	(10 502 581)	-
Conditions still to be met	252 979	2 668 560
The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>23.5 Draught Relief</b>		
Opening balance	263 308	352 799
Grants received	-	-
Conditions met - Operating	(263 308)	(89 491)
Conditions met - Capital	-	-
Conditions still to be met	-	263 308

The grant was used to investigate water availability.

<b>23.6 Groundwater - Development</b>		
Opening balance	42 673	42 673
Grants received	-	-
Conditions met - Operating	(42 673)	-
Conditions met - Capital	-	-
Conditions still to be met	-	42 673

The grant was used to investigate water availability.

<b>23.7 Flood damage</b>		
Opening balance	24 440	295 875
Grants received	-	-
Conditions met - Operating	(24 440)	(271 435)
Conditions met - Capital	-	-
Conditions still to be met	-	24 440

The grant was used to repair infrastructure damaged by floods.

<b>23.8 Integrated National Electrification Grant</b>		
Opening balance	-	-
Grants received	1 056 000	-
Conditions met - Operating	-	-
Conditions met - Capital	(1 056 000)	-
Conditions still to be met	-	-

The Integrated National Electrification Grant was used for electrification of RDP Houses.

<b>23.9 Refuse transfer station</b>		
Opening balance	-	440 203
Grants received	-	-
Conditions met - Operating	-	(440 203)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used to construct refuse transfer stations.

<b>23.10 Electricity Master Plan</b>		
Opening balance	-	5 381
Grants received	-	-
Conditions met - Operating	-	(5 381)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used to prepare an Electricity Master Plan for Bergvriër Municipality.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>23.11 <u>Housing Grant</u></b>		
Opening balance	(441 879)	(422 855)
Grants received	14 966 973	-
Conditions met - Operating	(5 255 185)	(19 024)
Conditions met - Capital	(3 845 042)	-
Conditions still to be met	<u>5 424 867</u>	<u>(441 879)</u>

The Housing grant was utilised for the development of erven and the erection of top structures and infrastructure.

<b>23.12 <u>CDW Contribution</u></b>		
Opening balance	78 640	53 141
Grants received	100 000	72 000
Conditions met - Operating	(76 852)	(46 501)
Conditions met - Capital	(3 277)	-
Conditions still to be met	<u>98 511</u>	<u>78 640</u>

The CDW Contribution was used to finance the activities of Community Development Workers.

<b>23.13 <u>Housing Consuming Education</u></b>		
Opening balance	48 336	38 285
Grants received	-	50 000
Conditions met - Operating	(5 587)	(39 949)
Conditions met - Capital	-	-
Conditions still to be met	<u>42 749</u>	<u>48 336</u>

The Housing Consuming Education Grant was used for public awareness programs.

<b>23.14 <u>Construction Sidewalks</u></b>		
Opening balance	20 002	76 035
Grants received	500 000	-
Conditions met - Operating	-	(56 033)
Conditions met - Capital	(278 109)	-
Conditions still to be met	<u>241 893</u>	<u>20 002</u>

The grant was used to built sidewalks.

<b>23.15 <u>Maintenance of Proclaimed Roads</u></b>		
Opening balance	-	-
Grants received	50 000	-
Conditions met - Operating	(50 000)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

The grant was used for maintenance of proclaimed roads.

<b>23.16 <u>Library Grant</u></b>		
Opening balance	-	-
Grants received	553 000	-
Conditions met - Operating	(553 000)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>-</u>

The grant was used for appointment of library staff.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>23.17 Noordhoek Phase 3</b>		
Opening balance	-	1 936 798
Grants received	-	10 063 568
Conditions met - Operating	-	(11 670 442)
Conditions met - Capital	-	(329 924)
	<hr/>	<hr/>
Conditions still to be met	-	-
	<hr/>	<hr/>

The grant was used to built RDP Houses.

<b>23.18 Road Maintenance</b>		
Opening balance	-	70
Grants received	-	-
Conditions met - Operating	-	(70)
Conditions met - Capital	-	-
	<hr/>	<hr/>
Conditions still to be met	-	-
	<hr/>	<hr/>

The grant was used for maintenance of main roads.

<b>23.19 West Coast DM - PIMMS</b>		
Opening balance	160 602	160 602
Grants received	-	-
Conditions met - Operating	(76 209)	-
Conditions met - Capital	-	-
	<hr/>	<hr/>
Conditions still to be met	84 393	160 602
	<hr/>	<hr/>

The grant was used for financing of Spatial Development Framework.

<b>23.20 West Coast DM - LED</b>		
Opening balance	46 952	46 952
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
	<hr/>	<hr/>
Conditions still to be met	46 952	46 952
	<hr/>	<hr/>

The grant was used for Local Economic Development facilitation.

<b>23.21 Lotto: Zuurvlakte Sport Field</b>		
Opening balance	500 000	500 000
Grants received	100 000	-
Conditions met - Operating	-	-
Conditions met - Capital	(89 667)	-
	<hr/>	<hr/>
Conditions still to be met	510 333	500 000
	<hr/>	<hr/>

The grant was used to develop a sport field at Zuurvlakte.

<b>23.22 Lotto: Plant Trees</b>		
Opening balance	154 390	236 707
Grants received	-	-
Conditions met - Operating	-	(82 317)
Conditions met - Capital	-	-
	<hr/>	<hr/>
Conditions still to be met	154 390	154 390
	<hr/>	<hr/>

The grant was used to plant trees in the Bergrivier area.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>23.23 <u>Lotto: Piketberg Sport Field</u></b>		
Opening balance	(670 042)	(670 042)
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	(670 042)	(670 042)

The grant is for the developing of a sport field at Piketberg.

<b>23.24 <u>Lotto: Redelinghuys: Sport Field</u></b>		
Opening balance	(431 113)	(635 578)
Grants received	-	204 465
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	(431 113)	(431 113)

The grant was used to develop a sport field at Redelinghuys.

<b>23.25 <u>Lotto: Eendekuil Sport Field</u></b>		
Opening balance	-	429 944
Grants received	-	244 751
Conditions met - Operating	-	-
Conditions met - Capital	-	(674 695)
Conditions still to be met	-	-

The grant is for the developing of a sport field at Eendekuil.

<b>23.26 <u>Lotto: Aurora Sport Field</u></b>		
Opening balance	-	375 769
Grants received	-	321 450
Conditions met - Operating	-	-
Conditions met - Capital	-	(697 219)
Conditions still to be met	-	-

The grant was used to develop a sport field at Aurora.

<b>23.27 <u>Housing Mooiplaas</u></b>		
Opening balance	-	14 379
Grants received	-	-
Conditions met - Operating	-	(14 379)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The grant was used for RDP Housing project.

<b>23.28 <u>Total Grants</u></b>		
Opening balance	(22 878)	3 649 931
Grants received	48 122 009	31 393 295
Conditions met - Operating	(26 380 822)	(33 364 266)
Conditions met - Capital	(16 011 989)	(1 701 838)
Conditions still to be met/(Grant expenditure to be recovered)	5 706 320	(22 878)
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	6 865 432	4 080 839
Unpaid Conditional Government Grants and Receipts	(1 159 111)	(4 103 716)
<b>Total</b>	<b>5 706 321</b>	<b>(22 877)</b>

**BERGRIVIER MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>24. SERVICE CHARGES</b>		
<b>Electricity</b>	<b>50 650 621</b>	<b>45 921 751</b>
Service Charges	53 713 439	46 953 187
<u>Less:</u> Income Forgone	(3 062 817)	(1 031 436)
<b>Water</b>	<b>12 876 896</b>	<b>11 493 624</b>
Service Charges	14 654 300	13 097 846
<u>Less:</u> Income Forgone	(1 777 404)	(1 604 222)
<b>Refuse Removal</b>	<b>10 017 588</b>	<b>9 061 784</b>
Service Charges	11 834 300	10 518 389
<u>Less:</u> Income Forgone	(1 816 712)	(1 456 605)
<b>Sewerage and Sanitation Charges</b>	<b>6 395 578</b>	<b>5 767 836</b>
Service Charges	7 674 458	6 791 558
<u>Less:</u> Income Forgone	(1 278 880)	(1 023 722)
<b>Total Service Charges</b>	<b>79 940 684</b>	<b>72 244 995</b>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
<b>25. INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Bank	1 317 129	1 889 468
<b>Total Interest Earned - External Investments</b>	<b>1 317 129</b>	<b>1 889 468</b>
<b>26. INTEREST EARNED - OUTSTANDING RECEIVABLES</b>		
Receivables	2 392 149	2 314 333
<b>Total Interest Earned - Outstanding Receivables</b>	<b>2 392 149</b>	<b>2 314 333</b>
<b>27. OTHER INCOME</b>		
Admin Fees	7 993	8 281
Cemetery	185 456	169 038
Photocopies	28 936	30 419
Private Works	15 370	7 351
Sale of Refuse Bags	1 526	1 347
Search Fee	-	12 567
Sundry Income	1 188 780	2 422 896
Surplus Cash	1 312	2 500
Swimming Pools	45 470	65 806
<b>Total Other Income</b>	<b>1 474 843</b>	<b>2 720 205</b>
<b>28. EMPLOYEE RELATED COSTS</b>		
Employee Related Costs - Salaries and Wages	37 854 229	32 488 518
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	9 604 756	9 305 938
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	3 704 295	3 680 404
Housing Benefits and Allowances	430 743	383 247
Overtime Payments	2 232 900	1 987 920
Bonuses	2 944 444	2 556 753
Provision for leave	872 471	849 747
Contribution to provision - Long Service Awards - Note 5	328 940	282 409
Contribution to provision - Post Retirement Medical - Note 5	634 475	716 496
	58 607 254	52 251 433
<u>Less:</u> Employee Costs allocated elsewhere	-	-
<b>Total Employee Related Costs</b>	<b>58 607 254</b>	<b>52 251 433</b>



**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**KEY MANAGEMENT PERSONNEL**

The municipal manager is appointed on 5-year fixed contracts. There is no post-employment or termination benefits payable to her at the end of the contract period.

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
<i><b>Remuneration of the Municipal Manager</b></i>		
Annual Remuneration	572 965	513 632
Travelling Allowance	135 252	72 000
Housing Subsidy	59 892	-
Service Bonus	49 910	82 232
Contributions to UIF, Medical and Pension Funds	153 315	104 495
<b>Total</b>	<b>971 334</b>	<b>772 359</b>
<i><b>Remuneration of the Director : Finance</b></i>		
Annual Remuneration	467 906	478 320
Car Allowance	95 369	149 504
Telephone allowance	-	43 133
Housing Subsidy	46 791	-
Service Bonus	38 992	77 848
Contributions to UIF, Medical and Pension Funds	121 588	100 731
<b>Total</b>	<b>770 645</b>	<b>849 536</b>
<i><b>Remuneration of Director : Corporate Services</b></i>		
Annual Remuneration	448 906	487 824
Car Allowance	89 974	149 504
Housing Subsidy	44 891	-
Service Bonus	37 409	80 731
Contributions - UIF, Medical, Pension	118 213	100 731
<b>Total</b>	<b>739 392</b>	<b>818 790</b>
<i><b>Remuneration of Director : Community Services</b></i>		
Annual Remuneration	448 906	439 453
Car Allowance	89 974	149 504
Housing Subsidy	44 891	-
Service Bonus	37 409	135 762
Contributions - UIF, Medical, Pension	118 213	100 731
<b>Total</b>	<b>739 392</b>	<b>825 450</b>
<i><b>Remuneration of Director : Technical Services (6 months)</b></i>		
Annual Remuneration	225 357	464 078
Car Allowance	45 244	149 504
Housing Subsidy	22 536	-
Service Bonus	18 780	80 731
Contributions - UIF, Medical, Pension	59 269	100 731
<b>Total</b>	<b>371 185</b>	<b>795 044</b>
<b>29. REMUNERATION OF COUNCILLORS</b>		
Mayor	310 792	356 886
Speaker	305 901	272 567
Members of Mayoral Committee	604 015	593 731
Councillors	1 001 682	1 158 355
Travelling allowance	849 160	375 165
Telephone allowance	189 836	112 049
Pension fund contributions	237 066	243 448
Medical aid contributions	33 062	38 880
<b>Total Councillors' Remuneration</b>	<b>3 531 514</b>	<b>3 151 081</b>

**In-kind Benefits**

The Executive Mayor, Executive Deputy Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor may utilise official Council transportation when engaged in official duties.

**Certification by the Municipal Manager**

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



.....  
Signed: Municipal Manager

**30. DEBT IMPAIRMENT**

Long-term Receivables	-	227 065
Current Receivables	2 423 262	599 420
<b>Total Contribution to Bad Debts Provision</b>	<b>2 423 262</b>	<b>826 485</b>

**31. DEPRECIATION AND AMORTISATION**

Property, plant and equipment	12 158 797	11 232 386
Intangible assets	49 021	26 935
Investment property carried at cost	-	-
<b>Total Depreciation and Amortisation</b>	<b>12 207 818</b>	<b>11 259 321</b>

**32. FINANCE COSTS**

Long-term Liabilities	4 081 300	2 107 778
Non-current Provisions	1 505 097	1 215 406
Non-current Employee Benefits	1 417 043	1 365 395
Employee Benefits	154 669	43 789
<b>Total Finance Costs</b>	<b>7 158 109</b>	<b>4 732 369</b>

**33. BULK PURCHASES**

Electricity	36 860 357	29 546 605
Water	3 349 200	2 887 489
<b>Total Bulk Purchases</b>	<b>40 209 558</b>	<b>32 434 094</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>34. GENERAL EXPENSES</b>		
Advertisement	479 746	450 434
Audit Fees	1 738 245	1 616 496
Bank Charges	246 342	214 598
Books	28 782	25 161
Cemetery	2 621	1 000
Chemicals	503 159	527 315
Entertainment	205 051	344 575
Fuel	1 578 864	1 546 762
Impact Studies	351 402	25 554
Insurance	613 841	709 012
Legal Fees	557 443	602 346
Licensing	344 366	277 138
Lost Books	5 476	5 806
Materials	960 449	751 360
Membership Fees	260 372	279 874
Planning and Development	37 588	60 149
Postage	396 851	323 774
Printing	35 302	21 483
Professional Fees	6 639 889	5 943 472
Protective Clothing	264 662	284 108
Refuse Bags	708 467	607 053
Rent Equipment	476 913	673 746
Sport Fields	120 604	76 315
Stationary	555 389	542 495
Sundries	3 978 738	2 045 942
Telephone Costs	1 105 870	1 181 274
Training	485 762	355 140
Travel and Entertainment	471 151	456 702
Trees	24 297	23 755
Unions	30 458	30 035
Valuations	380 592	-
Fertilizer	43 663	24 800
Total General Expenses	<b>23 632 353</b>	<b>20 027 669</b>
<b>35. GAIN/ (LOSS) ON SALE OF ASSETS</b>		
Property, plant and equipment	195 241	-
<b>Total Gain/ (Loss) on Sale of Assets</b>	<b>195 241</b>	<b>-</b>
<b>36. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS</b>		
Property, Plant and Equipment	(107 399)	-
<b>Total (Impairment Loss)/ Reversal of Impairment Loss</b>	<b>(107 399)</b>	<b>-</b>
<b>37. CHANGE IN ACCOUNTING POLICY</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
<b>37.1 Provisions</b>		
Balance previously reported:	-	400 000
Implementation of GRAP		
Reversal of previous provision of Rehabilitation of Landfill-sites (current) - Note 4	-	(400 000)
<b>Restated Balance</b>	<b>-</b>	<b>-</b>

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise Property, Plant and Equipment financed by provisions. Only the provision was recognised in prior years.

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>37.2 Non-Current Provisions</b>		
<b>Balance previously reported</b>	-	<b>20 472 361</b>
<b>Implementation of GRAP</b>		
Transfer from Accumulated Surplus/(Deficit)	-	<b>999 808</b>
Reversal of previous provision of Rehabilitation of Landfill-sites (non-current) - Note 4	-	(20 072 361)
Reversal of previous provision of Rehabilitation of Landfill-sites (current) - Note 7	-	(400 000)
Rehabilitation of Landfill-sites - New provision i.t.o GRAP 19 - Note 4	-	18 028 448
Interest Cost on Rehabilitation of landfill-sites not previously recognised (before 1 July 2009)	-	2 228 316
Interest Cost on Rehabilitation of landfill-sites not recognised in 2009/2010	-	1 215 406
<b>Restated Balance</b>	<b>-</b>	<b>21 472 169</b>

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise all provisions relating to Property, Plant and Equipment. These provisions are now recognised for the first-time.

**37.3 Property, Plant and Equipment @Cost- GRAP 17**

<b>Balance previously reported</b>	-	<b>213 216 322</b>
<b>Implementation of GRAP</b>		
Landfill-sites not recognised previously - Note 13	-	18 028 448
Assets previously recognised at provisional amounts - Note 13	-	6 024 838
<b>Restated Balance</b>	<b>-</b>	<b>237 269 608</b>

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise Property, Plant and Equipment financed by provisions. These assets are now recognised for the first-time.

**37.4 Accumulated Depreciation - GRAP 17**

<b>Balance previously reported</b>	-	<b>61 084 262</b>
<b>Implementation of GRAP</b>		
Transfer to Accumulated Surplus/(Deficit) - Note 13	-	<b>4 844 613</b>
Backlog Depreciation: Land and Buildings	-	-
Backlog Depreciation: Infrastructure	-	-
Backlog Depreciation: Community	-	-
Backlog Depreciation: Lease Assets	-	-
Backlog Depreciation: Other	-	-
Backlog Depreciation: Landfill-sites	-	4 844 613
<b>Restated Balance</b>	<b>-</b>	<b>65 928 876</b>

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the annual financial statements.
- Review of the depreciation method applied to PPE recognised in the annual financial statements.
- Review of residual values of item of PPE recognised in the annual financial statements.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

Property, Plant and Equipment are now measured in accordance with GRAP 17 and restated retrospectively.

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 R</b>	<b>2010 R</b>
<b>37.5 Accumulated Surplus/(Deficit) - 1 July 2009</b>		
<b>Implementation of GRAP</b>		
Reversal of Rehabilitation of landfill-sites not previously recognised - Note 37.2	-	20 472 361
Interest Cost on Rehabilitation of landfill-sites previously recognised - Note 37.2	-	(2 228 316)
Backlog Depreciation not previously recognised - Note 37.4	-	(3 229 742)
<b>Total</b>	<b>-</b>	<b>15 014 303</b>

**38. CORRECTION OF ERROR IN TERMS OF GRAP 3**

**38.1 Payables from exchange transactions**

<b>Balance previously reported</b>	-	18 679 669
Debtor incorrectly included under Payables from exchange transactions - Note 9	-	20 723
Correction of builders deposits - Note 9	-	1 150
Correction of supplier invoices - Note 9	-	(38 312)
<b>Restated Balance</b>	<b>-</b>	<b>18 663 230</b>

Debtor: Motor Vehicle Registrations was incorrectly disclosed under Payables from exchange transactions in prior year and supplier invoices of prior year were corrected.

**38.2 Receivables from non-exchange transactions**

<b>Balance previously reported</b>	-	11 849 451
Debtor incorrectly included under Payables from non-exchange transactions - Note 19	-	20 723
Correction of sundry debtor - Note 19	-	(505)
<b>Restated Balance</b>	<b>-</b>	<b>11 869 669</b>

Debtor: Motor Vehicle Registrations was incorrectly disclosed under Payables from exchange transactions in prior year.

**38.3 Taxes**

<b>Balance previously reported</b>	-	853 717
Input Tax not previously claimed - Note 11.1	-	(1 452 392)
Provision for VAT on Debt Impairment from exchange transactions not recognised in prior years - before 1 July 2009	-	(839 958)
Provision for VAT on Debt Impairment from exchange transactions not recognised in prior years - 2009/2010	-	(83 919)
<b>Restated Balance</b>	<b>-</b>	<b>(1 522 551)</b>

Investigation performed by Max Prof indicated that not all input taxes were claimed in prior years. These input taxes were claimed during the current year from SARS.

**38.4 Property, Plant and Equipment**

<b>Balance previously reported</b>	-	152 132 060
Cell phones not capitalised in 2009/2010 - Note 13	-	14 105
Accumulated Depreciation on cell phones not capitalised in 2009/2010 - Note 13	-	(4 388)
Investment Property previously disclosed under Land and Buildings - Note 13	-	(7 662 880)
Maintenance on infrastructure assets capitalised incorrectly in prior years - Note 13	-	(2 753 193)
Depreciation calculated incorrectly in prior year as a result of not reviewing remaining useful lives - Note 13	-	14 954 897
Intangible Assets previously disclosed under Office Equipment - Note 15	-	(194 927)
<b>Restated Balance</b>	<b>-</b>	<b>156 485 675</b>

Cell phones not capitalised in 2009/2010, maintenance incorrectly capitalised in prior years and recalculation of depreciation on all assets.

**38.5 Long-term Liabilities**

<b>Balance previously reported</b>	-	32 782 269
Finance leases not previously capitalised - Note 3	-	8 087
Unamortised Discount on Loans calculated incorrectly in prior years - Note 3	-	605 558
<b>Restated Balance</b>	<b>-</b>	<b>33 395 914</b>

Finance Leases on cell phones not capitalised in 2009/2010 and unamortised discount on loans calculated incorrectly in prior years.

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>38.6 Investment Property</b>		
<b>Balance previously reported</b>	-	-
Investment Property previously disclosed under Property, Plant and Equipment - Note 14 & 38.4	-	7 662 880
Investment Property not recognised in prior years - Note 14	-	6 850 000
<b>Restated Balance</b>	<b>-</b>	<b>14 512 880</b>

Investment Properties were recognised incorrectly under Property, Plant and Equipment in prior years and other Investment Properties were not recognised in prior years.

<b>38.7 Intangible Assets</b>		
<b>Balance previously reported</b>	-	-
Intangible Assets previously disclosed under Property, Plant and Equipment - Note 15 & 38.4	-	194 927
Accumulated Amortisation not recognised in prior years - Note 14	-	(26 935)
<b>Restated Balance</b>	<b>-</b>	<b>167 992</b>

Intangible Assets were recognised incorrectly under Property, Plant and Equipment in prior years and Accumulated Amortisation on Intangible Assets were not recognised in prior years.

<b>38.8 Cash and Cash Equivalents</b>		
<b>Balance previously reported</b>	-	12 420 800
Reversal of cancelled cheques - Note 21.1	-	7 807
<b>Restated Balance</b>	<b>-</b>	<b>12 428 607</b>

Reversal of prior year cancelled cheques.

<b>38.9 Accumulated Surplus/(Deficit) - 1 July 2009</b>		
Inventory bins (fuel) not previously corrected	-	(214 738)
Input Tax not previously claimed	-	1 374 939
Correction of sundry debtor - Note 38.2	-	(505)
Building deposit not previously recognised	-	(1 150)
Investment Property not recognised in prior years - Note 38.6	-	6 850 000
Maintenance on infrastructure assets capitalised incorrectly in prior years - Note 38.4	-	(2 753 193)
Depreciation calculated incorrectly in prior year as a result of not reviewing remaining useful lives - Note 38.4	-	14 954 887
Accumulated Amortisation not recognised in prior years - Note 38.7	-	-
Unamortised Discount on Loans calculated incorrectly in prior years - Note 38.5	-	(605 558)
Reversal of cancelled cheques - Note 38.8	-	7 807
Provision for VAT on Debt Impairment from exchange transactions not recognised in prior years - Note 38.3	-	839 958
<b>Total</b>	<b>-</b>	<b>20 452 448</b>

<b>38.10 Accumulated Surplus/(Deficit) - 2009/2010</b>		
Input Tax not previously claimed - Note 38.3	-	77 453
Correction of supplier invoices - Note 38.1	-	38 312
Cell phones not capitalised in 2009/2010 - Note 38.5	-	14 105
Depreciation on cell phones not capitalised in 2009/2010 - Note 38.4	-	(4 388)
Finance leases not previously capitalised - Note 38.4	-	(8 087)
<b>Total</b>	<b>-</b>	<b>117 395</b>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
<b>39. CHANGES TO STATEMENT OF FINANCIAL PERFORMANCE</b>			
Movement on operating account as a result of GRAP standards not implemented in prior years:			
	Balance previously reported	Adjustments	Restated Balance
<b>Revenue</b>			
Property taxes	28 101 641	-	28 101 641
Government Grants and Subsidies	33 962 723	1 103 381	35 066 104
Public Contributions and Donations	-	-	-
Contributed Property, Plant and Equipment	-	-	-
Fines	964 515	-	964 515
Third Party Payments	-	-	-
Actuarial Gains	1 161 210	-	1 161 210
Other Revenue from non-exchange transactions	-	-	-
Property Rates - penalties imposed and collection charges	-	-	-
Service Charges	72 244 995	-	72 244 995
Water Services Authority Contribution	-	-	-
Rental of Facilities and Equipment	2 504 079	-	2 504 079
Interest Earned - external investments	1 889 468	-	1 889 468
Interest Earned - outstanding receivables	2 314 333	-	2 314 333
Licences and Permits	1 178 258	-	1 178 258
Income for Agency Services	1 329 859	-	1 329 859
Other Income	3 823 586	(1 103 381)	2 720 205
Unamortised Discount - Interest	48 676	-	48 676
Total	149 523 343	-	149 523 343
<b>Expenditure</b>			
Employee related costs	(51 998 229)	(253 204)	(52 251 432)
Remuneration of Councillors	(3 151 081)	-	(3 151 081)
Debt Impairment	(910 404)	83 919	(826 485)
Collection Costs	-	-	-
Depreciation and Amortisation	(9 617 515)	(1 641 806)	(11 259 321)
Repairs and Maintenance	(7 588 687)	-	(7 588 687)
Unamortised Discount - Interest	(3 556 565)	-	(3 556 565)
Actuarial Losses	(78 669)	-	(78 669)
Finance Costs	(3 473 173)	(1 259 195)	(4 732 369)
Bulk Purchases	(32 434 094)	-	(32 434 094)
Contracted Services	-	-	-
Grants and Subsidies Paid	-	(1 619 803)	(1 619 803)
Other Operating Grant Expenditure	(13 176 445)	-	(13 176 445)
General Expenses	(21 944 465)	1 916 796	(20 027 669)
Total	(147 929 327)	(2 773 293)	(150 702 620)
Net Surplus/(Deficit) for the year	1 594 017	(2 773 293)	(1 179 277)

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
<b>40. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>		
Surplus/(Deficit) for the year	956 293	(1 179 277)
<b>Adjustments for:</b>		
Depreciation and amortisation	12 207 819	11 259 321
Loss/(Gain) on disposal of property, plant and equipment		-
Impairment Loss/(Reversal of Impairment Loss)	107 399	-
Contribution to provisions – Non-Current Provisions	1 505 097	4 447 755
Contribution from/to provisions - Non-Current Employee Benefits	1 455 720	1 559 115
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	2 637 035	78 669
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains		(1 161 210)
Contribution to provisions – Bad debt	2 564 706	910 404
Unamortised Discounts - Interest Received	(7 428)	(48 676)
Unamortised Discounts - Interest Paid	2 564 888	3 556 565
Operating lease income accrued	(11 711)	(17 600)
Operating Surplus/(Deficit) before changes in working capital	23 979 819	19 405 067
Changes in working capital	(6 565 911)	(11 853 182)
Increase/(Decrease) in Consumer Deposits	132 396	164 862
Increase/(Decrease) in Trade and Other Payables	(5 104 532)	2 104 484
Increase/(Decrease) in Employee Benefits	1 276 112	889 386
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	2 784 593	(1 297 566)
Increase/(Decrease) in Taxes	696 707	521 480
(Increase)/Decrease in Inventory	(229 016)	44 552
(Increase)/Decrease in Trade Receivables from exchange transactions	(4 002 155)	(11 201 736)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(5 064 620)	(703 402)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	2 944 605	(2 375 241)
<b>Cash generated/(absorbed) by operations</b>	<b>17 413 907</b>	<b>7 551 885</b>
<b>41 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 21	14 600 999	12 411 300
Call Investments Deposits - Note 21	-	10 011 643
Cash Floats - Note 21	9 700	9 500
<b>Total cash and cash equivalents</b>	<b>14 610 699</b>	<b>22 432 443</b>
<b>42. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES</b>		
Cash and Cash Equivalents - Note 41	14 610 699	22 432 443
<b>Less:</b>	(13 301 658)	(9 439 821)
Unspent Committed Conditional Grants - Note 10	(6 865 432)	(4 080 839)
Unspent Borrowings	(295 484)	(288 140)
Cash Portion of Housing Development Fund - Note 2	(1 115 655)	(1 167 198)
Current Employee Benefits - Note 8	(5 025 087)	(3 903 644)
Net cash resources available for internal distribution	1 309 042	12 992 621
Allocated to:		
Capital Replacement Reserve	(2 900 000)	(13 539 700)
<b>Resources available for working capital requirements</b>	<b>(1 590 958)</b>	<b>(547 079)</b>
<b>43. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>		
Long-term Liabilities - Note 3	45 437 204	34 304 555
Used to finance property, plant and equipment - at cost	(45 141 720)	(34 016 415)
	295 484	288 140
Cash set aside for acquiring of assets	(295 484)	(288 140)
<b>Cash invested for repayment of long-term liabilities</b>	<b>-</b>	<b>-</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.



NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**44. BUDGET COMPARISONS**

	<b>2011 Actual R</b>	<b>2011 Budget R</b>	<b>2011 Variance R</b>	<b>2011 Variance %</b>
<b>44.1 <u>Operational Budget by source/type</u></b>				
<b>Revenue by source</b>				
Property rates	31 023 210	30 846 000	177 210	0.57%
Service charges - electricity revenue	50 650 621	49 046 000	1 604 621	3.27%
Service charges - water revenue	12 876 896	12 036 000	840 896	6.99%
Service charges - sanitation revenue	6 395 578	6 413 000	(17 422)	-0.27%
Service charges - refuse revenue	10 017 588	9 931 000	86 588	0.87%
Rental of facilities and equipment	2 665 338	2 964 000	(298 662)	-10.08%
Interest earned - external investments	1 317 129	1 600 000	(282 871)	-17.68%
Interest earned - outstanding debtors	2 392 149	2 408 000	(15 851)	-0.66%
Fines	1 520 205	1 105 000	415 205	37.58%
Licences and Permits	1 645 900	1 616 000	29 900	1.85%
Agency services	1 368 731	1 478 000	(109 269)	-7.39%
Transfers recognised - operational and capital	42 392 811	48 666 000	(6 273 189)	-12.89%
Other revenue	1 479 115	4 295 000	(2 815 885)	-65.56%
Gains on disposal of PPE	195 240	-	195 240	0.00%
<b>Total Revenue</b>	<b>165 940 513</b>	<b>172 404 000</b>	<b>(6 463 487)</b>	<b>-3.75%</b>
<b>Expenditure by Type</b>				
Employee related costs	(61 244 289)	(61 092 500)	(151 789)	0.25%
Remuneration of councillors	(3 531 514)	(3 614 000)	82 486	-2.28%
Debt Impairment	(2 423 262)	(830 000)	(1 593 262)	191.96%
Depreciation & asset impairment	(12 207 818)	(10 810 000)	(1 397 818)	12.93%
Finance charges	(7 158 109)	(5 352 000)	(1 806 109)	33.75%
Bulk purchases	(40 209 558)	(31 389 000)	(8 820 558)	28.10%
Transfers and grants	(6 712 304)	(8 710 000)	1 997 696	-22.94%
Other expenditure	(31 389 967)	(30 203 500)	(1 186 467)	3.93%
Impairment Loss	(107 399)	-	(107 399)	-
<b>Total Expenditure</b>	<b>(164 984 221)</b>	<b>(152 001 000)</b>	<b>(12 983 221)</b>	<b>8.54%</b>
<b>Surplus/(Deficit) for the year</b>	<b>956 292</b>	<b>20 403 000</b>	<b>(19 446 708)</b>	<b>-95.31%</b>

**Details of material variances**

Reasons for variances are disclosed in Appendix E(1)

**44.2 Operational Budget by Standard Classification****Revenue - Standard**

<b>Governance and Administration</b>				
Executive and council	18 804 445	19 635 000	(830 555)	-4.23%
Budget and Treasury Office	35 832 883	36 037 000	(204 117)	-0.57%
Corporate Services	1 571 282	3 739 000	(2 167 718)	-57.98%
<b>Community and Public Safety</b>				
Community and Social Services	796 150	801 000	(4 850)	-0.61%
Sport and Recreation	2 670 695	3 573 000	(902 305)	-25.25%
Public Safety	1 517 253	1 104 000	413 253	37.43%
Housing	9 156 894	15 381 000	(6 224 106)	-40.47%
Health	-	-	-	-
<b>Economic and Environmental Services</b>				
Planning and Development	578 227	406 000	172 227	42.42%
Road Transport	2 995 767	3 305 000	(309 233)	-9.36%
Environmental Protection	-	-	-	-
<b>Trading Services</b>				
Electricity	51 773 694	50 238 000	1 535 694	3.06%
Water	13 324 044	12 051 000	1 273 044	10.56%
Waste Water Management	15 201 685	16 200 000	(998 315)	-6.16%
Waste Management	11 717 495	9 934 000	1 783 495	17.95%
Other	-	-	-	-
<b>Total Revenue</b>	<b>165 940 513</b>	<b>172 404 000</b>	<b>(6 463 487)</b>	<b>-3.75%</b>

**BERGRIVIER MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 Actual R</b>	<b>2011 Budget R</b>	<b>2011 Variance R</b>	<b>2011 Variance %</b>
<b><u>Expenditure - Standard</u></b>				
Governance and Administration				
Executive and council	(11 589 313)	(11 880 000)	290 687	-2.45%
Budget and Treasury Office	(8 675 870)	(7 659 000)	(1 016 870)	13.28%
Corporate Services	(19 622 645)	(12 847 000)	(6 775 645)	52.74%
Community and Public Safety				
Community and Social Services	(4 778 679)	(5 037 000)	258 321	-5.13%
Sport and Recreation	(9 181 785)	(9 213 000)	31 215	-0.34%
Public Safety	(3 990 872)	(4 182 000)	191 128	-4.57%
Housing	(6 176 103)	(7 763 000)	1 586 897	-20.44%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	(2 243 472)	(2 763 000)	519 528	-18.80%
Road Transport	(16 314 456)	(17 768 000)	1 453 544	-8.18%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	(51 491 644)	(43 448 000)	(8 043 644)	18.51%
Water	(12 122 401)	(12 393 000)	270 599	-2.18%
Waste Water Management	(6 980 738)	(6 931 000)	(49 738)	0.72%
Waste Management	(11 816 241)	(10 117 000)	(1 699 241)	16.80%
Other	-	-	-	-
<b>Total Expenditure</b>	<b>(164 984 220)</b>	<b>(152 001 000)</b>	<b>(12 983 220)</b>	<b>8.54%</b>
<b>Surplus/(Deficit) for the year</b>	<b>956 293</b>	<b>20 403 000</b>	<b>(19 446 707)</b>	<b>-95.31%</b>

**Details of material variances**

Reasons for variances are disclosed in Appendix E(1)

**44.3 Capital Expenditure by Standard Classification**

Governance and Administration				
Executive and council	22 172 950	-	22 172 950	-
Budget and Treasury Office	26 674	27 000	(326)	-1.21%
Corporate Services	1 568 634	9 506 639	(7 938 005)	-83.50%
Community and Public Safety				
Community and Social Services	271 104	286 000	(14 896)	-5.21%
Sport and Recreation	146 405	1 177 800	(1 031 395)	-87.57%
Public Safety	117 000	117 000	-	0.00%
Housing	-	8 470 648	(8 470 648)	-100.00%
Health	-	-	-	-
Economic and Environmental Services				
Planning and Development	11 500	12 000	(500)	-4.17%
Road Transport	104 341	2 464 550	(2 360 209)	-95.77%
Environmental Protection	-	-	-	-
Trading Services				
Electricity	3 582 535	3 975 400	(392 865)	-9.88%
Water	-	5 325 700	(5 325 700)	-100.00%
Waste Water Management	-	9 563 311	(9 563 311)	-100.00%
Waste Management	2 188 586	2 220 300	(31 714)	-1.43%
Other	-	-	-	-
<b>Total Capital Expenditure</b>	<b>30 189 729</b>	<b>43 146 348</b>	<b>(12 956 619)</b>	<b>-30.03%</b>

**Details of material variances**

Reasons for variances are disclosed in Appendix E(2)

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	2011 R	2010 R
<b>45. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>45.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	23 308 068	-
Unauthorised expenditure current year - operational	17 585 138	23 308 068
Unauthorised expenditure current year - capital	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>40 893 206</b>	<b>23 308 068</b>

Incident	Disciplinary steps/criminal proceedings
<i>Over expenditure of approved budget due to GRAP implementations - See appendix E(1) for explanations</i>	<i>None</i>
2010 R 23 308 068	<i>The overexpenditure to the value of R40 893 206 listed above were condoned by council at a meeting held on 31 January 2012</i>
2011 R 17 585 138	

**45.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:		
Opening balance	18 778	18 778
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	<b>18 778</b>	<b>18 778</b>

Incident	Disciplinary steps/criminal proceedings
<i>Interest paid to SARS</i>	<i>Appeal was made to SARS for write-off of interest levied</i>

**45.3 Irregular expenditure**

Reconciliation of irregular expenditure:		
Opening balance	26 132	-
Irregular expenditure current year	273 355	26 132
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<b>299 487</b>	<b>26 132</b>

Incident	Disciplinary steps/criminal proceedings
<i>3 Quotes were not obtained as required by Supply Chain Management Policy. Reasons for not obtaining 3 quotes were not documented.</i>	<i>To be investigated</i>

**46. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT****46.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)**

Opening balance	-	-
Council subscriptions	242 650	263 247
Amount paid - current year	(242 650)	(263 247)
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
<b>46.2 <u>Audit fees - [MFMA 125 (1)(c)]</u></b>		
Opening balance	-	-
Current year audit fee	1 832 345	1 616 495
External Audit - Auditor-General	1 738 245	1 616 495
Internal Audit	-	-
Audit Committee	94 100	-
Amount paid - current year	(1 832 345)	(1 616 495)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

<b>46.3 <u>VAT - [MFMA 125 (1)(c)]</u></b>		
Opening balance	598 675	(1 367 670)
Amounts received - current year	3 177 664	3 119 920
Amounts claimed - current year (payable)	(3 327 527)	(188 911)
Amount paid - current year	(377 263)	(964 664)
Amount paid - previous year	-	-
<b>Closing balance</b>	<b>71 549</b>	<b>598 675</b>

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS.

<b>46.4 <u>PAYE and UIF - [MFMA 125 (1)(c)]</u></b>		
Opening balance	605 170	(14 265)
Current year payroll deductions	6 117 692	5 556 125
Amount paid - current year	(6 722 862)	(4 936 690)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>605 170</b>

<b>46.5 <u>Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]</u></b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	14 619 865	9 659 374
Amount paid - current year	(14 619 865)	(9 659 374)
Amount paid - previous year	-	-
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**46.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts outstanding for more than 90 days during the year:

	<b>Highest amount outstanding</b>	<b>Ageing</b>
SR Claassen	4 002	> 150 days

**BERGRIVIER MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**46.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005**

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

	Amount	Single Supplier	Type of Deviation		
			Impossible	Impractical	Emergency
July	3 489 955	3	1	1	2
August	68 518	4	-	2	2
September	193 970	3	1	5	2
October	1 572 486	1	-	3	1
November	256 464	2	-	2	3
December	188 893	4	-	3	1
January	45 465	-	-	4	-
February	172 941	4	-	3	2
March	395 369	7	-	3	2
April	176 050	-	1	9	4
May	374 015	6	2	3	1
June	802 311	-	-	7	7
	<u>7 736 437</u>	<u>34</u>	<u>5</u>	<u>45</u>	<u>27</u>
				<b>2011 R</b>	<b>2010 R</b>

**46.8 Material losses**

**Electricity distribution losses**

Units purchased (Kwh)	74 998 291	73 966 027
Units lost during distribution (Kwh)	7 540 202	7 987 627
Percentage lost during distribution	10.05%	10.80%
Distribution loss (Rand Value)	3 494 129	3 023 316

**Water distribution losses**

Units purchased (ml)	2 598 451	2 619 293
Units lost during distribution (ml)	341 987	479 804
Percentage lost during distribution	13.16%	18.32%
Distribution loss (Rand Value)	1 203 794	1 525 776

**47. CAPITAL COMMITMENTS**

**Commitments in respect of capital expenditure:**

Approved and contracted for:	5 858 034	7 000 000
Infrastructure	5 858 034	-
Community	-	-
Other	-	7 000 000
Approved but not yet contracted for	36 265 519	26 942 700
Infrastructure	23 897 000	21 800 000
Community	5 145 119	380 000
Other	7 223 400	4 762 700
<b>Total</b>	<b>42 123 553</b>	<b>33 942 700</b>
This expenditure will be financed from:		
External Loans	4 000 000	11 200 000
Capital Replacement Reserve	17 720 400	9 318 700
Government Grants	20 403 153	13 424 000
Own Resources	-	-
District Council Grants	-	-
<b>Total</b>	<b>42 123 553</b>	<b>33 942 700</b>

	2011 R	2010 R
<b>48. FINANCIAL RISK MANAGEMENT</b>		
<p>The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.</p>		
<b>(a) Foreign Exchange Currency Risk</b>		
<p>The municipality does not engage in foreign currency transactions.</p>		
<b>(b) Price Risk</b>		
<p>The municipality is not exposed to price risk.</p>		
<b>(c) Interest Rate Risk</b>		
<p>As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.</p>		
<p>The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.</p>		
<p>The municipality did not hedge against any interest rate risks during the current year. The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:</p>		
1% (2010: 1%) Increase in interest rates	(308 362)	(318 893)
1% (2010: 1%) Decrease in interest rates	308 362	318 893
<b>(d) Credit Risk</b>		
<p>Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.</p>		
<p>Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.</p>		
<p>Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.</p>		
<p>All rates and services are payable within 30 days from invoice date. Refer to note 18 and 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.</p>		

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	<b>2011 %</b>	<b>2011 R</b>	<b>2010 %</b>	<b>2010 R</b>
<u>Non-exchange Receivables</u>				
Rates	100.00%	13 091 597	100.00%	9 632 924
<u>Exchange Receivables</u>				
Electricity	20.43%	7 293 472	23.13%	7 596 675
Water	14.00%	4 998 199	12.83%	4 212 505
Housing	0.33%	118 561	0.85%	280 410
Refuse	15.06%	5 375 500	13.67%	4 490 095
Sewerage	11.61%	4 143 848	11.42%	3 752 079
Other	38.56%	13 765 304	38.09%	12 511 271
	100.00%	35 694 883	100.00%	32 843 036

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 18 and 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	<b>2011 %</b>	<b>2011 R</b>	<b>2010 %</b>	<b>2010 R</b>
<u>Non-exchange Receivables</u>				
Rates	41.06%	4 079 516	19.82%	1 779 149
<u>Exchange Receivables</u>				
Services	58.94%	5 856 329	80.18%	7 195 808
	58.94%	9 935 845	80.18%	8 974 957

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	<b>2011 R</b>	<b>2010 R</b>
Financial assets exposed to credit risk at year end are as follows:		
Long-term Receivables	262 751	340 164
Receivables from exchange transactions	35 694 883	32 843 036
Receivables from non-exchange transactions	18 401 371	13 648 817
Cash and Cash Equivalents	14 600 999	12 419 107
Unpaid Conditional Grants and Subsidies	1 159 110	4 103 715
	70 119 114	63 354 840

**(e) Liquidity Risk**

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

## NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2011</b>				
Long-term Liabilities	227 727	294 296	-	-
Trade and Other Payables	13 558 698	-	-	-
Unspent Conditional Grants and Receipts	6 865 432	-	-	-
	<u>20 651 857</u>	<u>294 296</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
<b>2010</b>				
Long-term Liabilities	67 389	15 827	-	-
Trade and Other Payables	18 663 230	-	-	-
Unspent Conditional Grants and Receipts	4 080 839	-	-	-
	<u>22 811 458</u>	<u>15 827</u>	<u>-</u>	<u>-</u>
			<b>2011</b>	<b>2010</b>
			<b>R</b>	<b>R</b>
<b>49. FINANCIAL INSTRUMENTS</b>				
In accordance with IAS 39.07 and IAS 39.09 the financial liabilities and assets of the municipality are classified as follows:				
<b>49.1 Financial Assets</b>	<b>Classification</b>			
<b>Long-term Receivables</b>				
Sport Organisation Loans	Financial Instruments at amortised cost	48 900	96 851	
Housing	Financial Instruments at amortised cost	213 850	243 313	
<b>Receivables from Exchange Transactions</b>				
Electricity	Financial Instruments at amortised cost	7 293 472	7 596 675	
Refuse	Financial Instruments at amortised cost	5 375 500	4 490 095	
Sewerage	Financial Instruments at amortised cost	4 143 848	3 752 079	
Water	Financial Instruments at amortised cost	4 998 199	4 212 505	
Housing	Financial Instruments at amortised cost	118 561	280 410	
Other Debtors	Financial Instruments at amortised cost	13 765 304	12 511 271	
<b>Receivables from Non-Exchange Transactions</b>				
Sundry Debtors	Financial Instruments at amortised cost	5 309 775	4 015 893	
<b>Cash and Cash Equivalents</b>				
Bank Balances	Financial Instruments at amortised cost	14 600 999	12 411 300	
Call Deposits	Financial Instruments at amortised cost	9 700	9 500	
<b>Total Financial Assets</b>		<b>55 878 107</b>	<b>49 619 893</b>	

## SUMMARY OF FINANCIAL ASSETS

## Financial Instruments at amortised cost:

Long-term Receivables	Sport Organisation Loans	48 900	96 851
Long-term Receivables	Housing	213 850	243 313
Receivables from Exchange Transactions	Electricity	7 293 472	7 596 675
Receivables from Exchange Transactions	Refuse	5 375 500	4 490 095
Receivables from Exchange Transactions	Sewerage	4 143 848	3 752 079
Receivables from Exchange Transactions	Water	4 998 199	4 212 505
Receivables from Exchange Transactions	Housing	118 561	280 410
Receivables from Exchange Transactions	Other Debtors	13 765 304	12 511 271
Receivables from Non-exchange Transactions	Sundry Debtors	5 309 775	4 015 893
Cash and Cash Equivalents	Bank Balances	14 600 999	12 411 300
Cash and Cash Equivalents	Call Deposits	9 700	9 500
<b>Total Financial Assets</b>		<b>55 878 107</b>	<b>49 619 893</b>



**BERGRIVIER MUNICIPALITY**

**NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

		<b>2011 R</b>	<b>2010 R</b>
<b>49.2 Financial Liabilities</b>	<b><u>Classification</u></b>		
<b>Long-term Liabilities</b>			
Annuity Loans	Financial Instruments at amortised cost	45 074 692	34 219 188
Capitalised Lease Liability	Financial Instruments at amortised cost	362 512	85 367
<b>Trade and Other Payables</b>			
Trade Creditors	Financial Instruments at amortised cost	7 803 089	13 116 809
Payments received in advance	Financial Instruments at amortised cost	1 042 318	942 808
Retentions	Financial Instruments at amortised cost	9 774	9 774
Sundry Deposits	Financial Instruments at amortised cost	390 763	386 881
Other Creditors	Financial Instruments at amortised cost	58 057	48 035
		<b>54 741 205</b>	<b>48 808 861</b>

**SUMMARY OF FINANCIAL LIABILITIES**

**Financial instruments at amortised cost:**

Long-term Liabilities	Annuity Loans	45 074 692	34 219 188
Long-term Liabilities	Capitalised Lease Liability	362 512	85 367
Trade and Other Payables	Trade Creditors	7 803 089	13 116 809
Trade and Other Payables	Payments received in advance	1 042 318	942 808
Trade and Other Payables	Retentions	9 774	9 774
Trade and Other Payables	Sundry Deposits	390 763	386 881
Trade and Other Payables	Other Creditors	58 057	48 035
		<b>54 741 205</b>	<b>48 808 861</b>

**50. EVENTS AFTER THE REPORTING DATE**

The Municipality is not aware of any events after the reporting date.

**51. IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

**52. PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**53. CONTINGENT LIABILITY**

The municipality is currently engaged in litigation which could result in costs being awarded against Council if claimants are successful in their actions. The following are the estimates:

Litigation regarding rates - pending appeal	600 000	-
HA Smit	250 000	-
	<b>850 000</b>	<b>-</b>

**54. RELATED PARTIES**

**54.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

**54.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

**54.3 Other related party transactions**

The following purchases were made during the year where Councillors or staff have an interest:

<u>Councillor/Staff Member</u>	<u>Entity</u>		
EC Liebenberg	AA Liebenberg Trust - Rental Landbouhuis	161 766	129 000
DJ Adams	DJ Adams	19 264	-
		<b>181 030</b>	<b>129 000</b>

**55. GOING CONCERN**

Management is of the opinion that the municipality will continue to operate as a going concern and perform its functions as set out in the Constitution.

**APPENDIX A**  
**BERGRIVIER MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30 June 2010</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 June 2011</b>
<b>ANNUITY LOANS</b>							
DBSA	15.00%	61001254	2018/06/30	1 342 802	-	96 176	1 246 626
DBSA	13.00%	61001020	2016/03/31	889 496	-	110 582	778 914
DBSA	9.98%	61000584	2016/12/31	1 923 842	-	222 928	1 700 914
DBSA	10.80%	61000234	2014/06/30	976 596	-	207 186	769 411
INCA	9.44%		2015/06/30	1 195 189	-	196 913	998 275
DBSA	9.50%	61002570	2010/12/31	3 285	-	3 285	-
DBSA	13.23%	61002920	2015/06/30	1 075 688	-	163 934	911 754
DBSA	16.50%	61003131	2020/12/31	845 709	-	34 039	811 670
DBSA	14.00%	61001189	2017/09/30	1 023 296	-	81 173	942 123
DBSA	11.70%	61003268	2016/06/30	569 378	-	70 138	499 240
DBSA	9.94%	61000585	2013/12/31	893 002	-	225 122	667 880
DBSA	9.96%	61000586	2011/12/31	280 643	-	182 527	98 116
DBSA	9.86%	61000757	2018/12/31	5 850 263	-	467 259	5 383 003
DBSA	12.41%	61001029	2030/06/30	17 350 000	-	123 233	17 226 767
DBSA	11.53%	61006811	2031/06/30		4 040 000	-	4 040 000
DBSA	11.59%	61006837	2036/06/30		9 000 000	-	9 000 000
<b>Total Annuity Loans</b>				<b>34 219 189</b>	<b>13 040 000</b>	<b>2 184 496</b>	<b>45 074 693</b>
<b>LEASE LIABILITY</b>							
Cellphones and Modems	Various			52 014	9 580	53 140	8 453
Telephone Systems	Various			25 267	410 182	81 389	354 059
<b>Total Lease Liabilities</b>				<b>77 280</b>	<b>419 761</b>	<b>134 529</b>	<b>362 512</b>
<b>TOTAL EXTERNAL LOANS</b>				<b>34 296 469</b>	<b>13 459 761</b>	<b>2 319 025</b>	<b>45 437 205</b>

**APPENDIX B**  
**BERGRIVIER MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error/ Change in Accounting Policy	Additions	Under Construction	Impairment/ Disposals	Closing Balance	Opening Balance	Correction of Error/ Change in Accounting Policy	Additions	Impairment/ Disposals	Closing Balance	
<b>Land and Buildings</b>												
Land	5 380 015	-	-	-	-	5 380 015	65 005	(65 005)	-	-	-	5 380 015
Buildings	22 529 534	(7 662 880)	88 328	22 084 622	-	37 039 605	7 455 921	(2 311 750)	646 926	-	5 791 097	31 248 508
	27 909 549	(7 662 880)	88 328	22 084 622	-	42 419 620	7 520 926	(2 376 755)	646 926	-	5 791 097	36 628 523
<b>Infrastructure</b>												
Roads and Streets	42 860 087	(470 572)	-	-	-	42 389 515	12 716 105	(1 760 775)	1 462 130	-	12 417 460	29 972 055
Beach Improvements	-	-	-	-	-	-	1 096	(1 096)	-	-	-	-
Sewerage Mains and Purification	22 684 614	5 829 911	-	-	-	28 514 525	4 918 922	(1 318 709)	1 155 849	-	4 756 062	23 758 464
Electricity mains	26 994 009	(1 791 974)	-	3 582 535	-	28 784 570	8 077 658	(2 836 541)	492 233	-	5 733 351	23 051 219
Electricity Peak Load equipment	-	-	-	-	-	-	249 625	(249 625)	-	-	-	-
Water Purification	9 271 873	-	-	-	-	9 271 873	1 141 976	(339 113)	468 202	-	1 271 065	8 000 808
Water Reservoirs	6 389 708	-	-	-	-	6 389 708	2 870 086	(1 164 239)	196 255	-	1 902 102	4 487 606
Water Meters	-	-	-	-	-	-	34 785	(34 785)	-	-	-	-
Water Mains	22 725 610	(490 647)	-	-	-	22 234 963	6 017 890	(673 475)	306 567	-	5 650 982	16 583 981
Landfill Sites	5 915 958	18 028 448	2 033 586	-	-	25 977 992	(0)	6 876 287	2 150 180	-	9 026 466	16 951 526
	136 841 859	21 105 166	2 033 586	3 582 535	-	163 563 146	36 028 142	(1 502 072)	6 231 417	-	40 757 487	122 805 659
<b>Community Assets</b>												
Parks and Gardens	2 515 557	-	82 604	-	-	2 598 161	780 280	42 522	118 720	-	941 523	1 656 638
Libraries	1 926 753	-	-	-	-	1 926 753	1 365 879	(895 871)	64 225	-	534 233	1 392 519
Recreation Grounds	7 025 503	-	146 405	-	-	7 171 908	1 286 644	393 366	351 108	-	2 031 118	5 140 790
Civic Buildings	2 435 824	-	-	-	-	2 435 824	1 000 972	(189 478)	81 194	-	892 688	1 543 136
	13 903 636	-	229 009	-	-	14 132 645	4 433 774	(649 461)	615 248	-	4 399 562	9 733 083
<b>Heritage Assets</b>	-	-	-	-	-	-	4 741	(4 741)	-	-	-	-
<b>Total carried forward</b>	178 655 045	13 442 286	2 350 923	25 667 157	-	220 115 411	47 987 583	(4 533 029)	7 493 591	-	50 948 146	169 167 265

**APPENDIX B**  
**BERGRIVIER MUNICIPALITY**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error/ Change in Accounting Policy	Additions	Under Construction	Impairment/ Disposals	Closing Balance	Opening Balance	Correction of Error/ Change in Accounting Policy	Additions	Impairment/ Disposals	Closing Balance	
<b>Total brought forward</b>	178 655 045	13 442 286	2 350 923	25 667 157	-	220 115 411	47 987 583	(4 533 029)	7 493 591	-	50 948 146	169 167 265
<b>Lease Assets</b>												
Office Equipment (Lease)	149 882	14 105	411 674	-	(99 256)	476 405	87 996	4 388	139 172	(99 256)	132 300	344 106
<b>Other Assets</b>												
Office Equipment	21 468 278	-	1 156 960	-	(230 873)	22 394 366	7 286 616	(1 555 592)	2 663 927	(210 616)	8 184 335	14 210 031
Furniture and Fittings	303 737	-	198 195	-	(1 613)	500 320	507 881	(503 507)	73 955	(861)	77 468	422 852
Bins and Containers	95 587	-	-	-	-	95 587	25 779	(6 662)	19 117	-	38 235	57 352
Emergency equipment	287 521	-	-	-	-	287 521	94 699	(36 263)	57 502	-	115 938	171 584
Motor Vehicles	8 551 246	-	104 341	-	(173 156)	8 482 431	3 872 312	(2 692 953)	1 193 999	(88 236)	2 285 122	6 197 309
Refuse Tankers	2 348 209	-	-	-	-	2 348 209	766 182	(399 978)	234 820	-	601 024	1 747 184
Computer Equipment	1 356 818	-	300 479	-	(63 139)	1 594 158	445 151	(372 228)	282 714	(61 670)	293 967	1 300 190
	34 411 396	-	1 759 975	-	(468 781)	35 702 591	12 998 619	(5 567 183)	4 526 035	(361 382)	11 596 089	24 106 502
<b>Housing Rental Stock</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	213 216 323	13 456 391	4 522 572	25 667 157	(568 037)	256 294 407	61 074 198	(10 095 824)	12 158 798	(460 638)	62 676 534	193 617 873

**APPENDIX C**  
**BERGRIVIER MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011**  
**GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Correction of Error/ Change in Accounting Policy	Additions	Under Construction	Impairment/ Disposals	Closing Balance	Opening Balance	Correction of Error/ Change in Accounting Policy	Additions	Impairment/ Disposals	Closing Balance	
Executive & Council	27 909 549	(7 662 880)	88 328	22 084 622	-	42 419 620	7 520 926	(2 376 755)	646 926	-	5 791 097	36 628 523
Budget & Treasury Office	1 756 142	-	498 674	-	(64 752)	2 190 064	978 811	(882 397)	375 786	(62 531)	409 670	1 780 394
Corporate Services	21 618 160	14 105	1 568 634	-	(330 129)	22 870 771	7 374 611	(1 551 204)	2 803 099	(309 872)	8 316 634	14 554 137
Planning & Development	2 435 824	-	-	-	-	2 435 824	1 000 972	(189 478)	81 194	-	892 688	1 543 136
Health	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	4 442 309	-	82 604	-	-	4 524 913	2 150 900	(858 090)	182 946	-	1 475 756	3 049 157
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	287 521	-	-	-	-	287 521	94 699	(36 263)	57 502	-	115 938	171 584
Sport & Recreation	7 025 503	-	146 405	-	-	7 171 908	1 286 644	393 366	351 108	-	2 031 118	5 140 790
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	5 915 958	18 028 448	2 033 586	-	-	25 977 992	(0)	6 876 287	2 150 180	-	9 026 466	16 951 526
Waste Water Management	22 684 614	5 829 911	-	-	-	28 514 525	4 918 922	(1 318 709)	1 155 849	-	4 756 062	23 758 464
Road Transport	53 759 541	(470 572)	104 341	-	(173 156)	53 220 154	17 355 694	(4 854 802)	2 890 950	(88 236)	15 303 606	37 916 548
Water	38 387 191	(490 647)	-	-	-	37 896 544	10 064 737	(2 211 612)	971 024	-	8 824 149	29 072 395
Electricity	26 994 009	(1 791 974)	-	3 582 535	-	28 784 570	8 327 283	(3 086 166)	492 233	-	5 733 351	23 051 219
	213 216 323	13 456 391	4 522 572	25 667 157	(568 037)	256 294 407	61 074 198	(10 095 824)	12 158 798	(460 638)	62 676 534	193 617 873

**APPENDIX D**  
**BERGRIVIER MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R		2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
14 977 096	11 678 489	3 298 607	Executive & Council	18 804 445	11 589 313	7 215 132
34 185 332	9 279 965	24 905 367	Budget & Treasury Office	35 832 883	8 675 870	27 157 013
2 335 895	11 629 867	(9 293 972)	Corporate Services	1 571 282	19 622 645	(18 051 363)
358 101	1 862 350	(1 504 249)	Planning & Development	578 227	2 243 472	(1 665 245)
-	-	-	Health	-	-	-
753 840	4 745 443	(3 991 603)	Community & Social Services	796 150	4 778 679	(3 982 529)
10 573 858	10 573 858	-	Housing	9 156 894	6 176 103	2 980 791
2 259 506	3 903 248	(1 643 743)	Public Safety	1 517 253	3 990 872	(2 473 619)
3 863 359	7 811 427	(3 948 068)	Sport and Recreation	2 670 695	9 181 785	(6 511 091)
-	-	-	Environmental Protection	-	-	-
10 615 355	15 656 936	(5 041 580)	Waste Management	11 717 495	11 816 241	(98 746)
8 379 719	5 131 555	3 248 164	Waste Water Management	15 201 685	6 980 738	8 220 948
2 834 967	15 260 681	(12 425 713)	Road Transport	2 995 767	16 314 456	(13 318 689)
12 024 823	10 766 636	1 258 187	Water	13 324 044	12 122 401	1 201 643
46 361 492	42 402 165	3 959 327	Electricity	51 773 694	51 491 644	282 050
149 523 343	150 702 620	(1 179 277)	Sub Total	165 940 513	164 984 220	956 293
-	-	-	Less Inter-Departmental Charges	-	-	-
149 523 343	150 702 620	(1 179 277)	<b>Total</b>	165 940 513	164 984 220	956 293

**APPENDIX E(1)**  
**BERGRIVIER MUNICIPALITY**  
**REVENUE AND EXPENDITURE**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2011 Actual (R)	2011 Budget (R)	2011 Variance (R)	2011 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
<b>REVENUE</b>					
Property rates	31 023 210	30 846 000	177 210	0.57%	
Government Grants and Subsidies	42 392 811	48 666 000	(6 273 189)	-12.89%	All grants were not spent during the year
Public Contributions and Donations	-	-	-	0.00%	
Contributed PPE	-	-	-	0.00%	
Fines	1 520 205	1 105 000	415 205	37.58%	Increase in estimate fines provision
Third Party Payments	-	-	-	0.00%	
Actuarial gains	-	-	-	0.00%	
Dividends received	-	-	-	0.00%	
Property rates - Penalties & Collection Charges	-	-	-	0.00%	
Service Charges	79 940 684	77 426 000	2 514 684	3.25%	
Water Services Authority Contribution	-	-	-	0.00%	
Rental of Facilities and Equipment	2 665 338	2 964 000	(298 662)	-10.08%	Decrease in income from caravan parks
Interest Earned - External Investments	1 317 129	1 600 000	(282 871)	-17.68%	Decrease in cash and cash equivalents
Interest Earned - Outstanding Receivables	2 392 149	2 408 000	(15 851)	-0.66%	
Licences and Permits	1 645 900	1 616 000	29 900	1.85%	
Agency Services	1 368 731	1 478 000	(109 269)	-7.39%	
Other Income	1 474 843	4 295 000	(2 820 157)	-65.66%	Land was sold in following year
Unamortised discount - Interest	4 272	-	4 272	0.00%	
Gains on Disposal of PPE	195 240	-	195 240	0.00%	
Reversal of Impairment Loss	-	-	-	0.00%	
Changes in Fair Value	-	-	-	0.00%	
Inventory: Reversal of write-down to Net Realisable Value	-	-	-	0.00%	
<b>Total Revenue</b>	<b>165 940 513</b>	<b>172 404 000</b>	<b>(6 463 487)</b>	<b>-3.75%</b>	
<b>EXPENDITURE</b>					
Executive & Council	11 589 313	11 880 000	(290 687)	-2.45%	
Budget & Treasury Office	8 675 870	7 659 000	1 016 870	13.28%	Implementation of GRAP
Corporate Services	19 622 645	12 847 000	6 775 645	52.74%	Increase in post-retirement benefits
Planning & Development	2 243 472	2 763 000	(519 528)	-18.80%	Vacant post not filled
Health	-	-	-	0.00%	
Community & Social Services	4 778 679	5 037 000	(258 321)	-5.13%	
Housing	6 176 103	7 763 000	(1 586 897)	-20.44%	Housing grant not fully spent
Public Safety	3 990 872	4 182 000	(191 128)	-4.57%	
Sport & Recreation	9 181 785	9 213 000	(31 215)	-0.34%	
Environmental Protection	-	-	-	0.00%	
Waste Management	11 816 241	10 117 000	1 699 241	16.80%	Implementation of GRAP 19
Waste Water Management	6 980 738	6 931 000	49 738	0.72%	
Road Transport	16 314 456	17 768 000	(1 453 544)	-8.18%	
Water	12 122 401	12 393 000	(270 599)	-2.18%	
Electricity	51 491 644	43 448 000	8 043 644	18.51%	Increase in electricity purchases
Less: Interdepartmental Charges	-	-	-	0.00%	
<b>Total Expenditure</b>	<b>164 984 220</b>	<b>152 001 000</b>	<b>12 983 220</b>	<b>8.54%</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>956 293</b>	<b>20 403 000</b>	<b>(19 446 707)</b>	<b>-95.31%</b>	

**APPENDIX E (2)**  
**BERGRIVIER MUNICIPALITY**  
**ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2011**  
**ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**  
**GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	88 328	22 084 622	22 172 950	-	22 172 950	100.00%	Roll-over of 2009/2010 Budget
Budget & Treasury Office	26 674	-	26 674	27 000	(326)	-1.21%	
Corporate Services	1 568 634	-	1 568 634	9 506 639	(7 938 005)	-83.50%	Roll-over project to following year
Planning & Development	11 500	-	11 500	12 000	(500)	-4.17%	
Health	-	-	-	-	-		
Community & Social Services	271 104	-	271 104	286 000	(14 896)	-5.21%	
Housing	-	-	-	8 470 648	(8 470 648)	-100.00%	RDP Houses included in capital budget
Public Safety	117 000	-	117 000	117 000	-	0.00%	
Sport & Recreation	146 405	-	146 405	1 177 800	(1 031 395)	-87.57%	Roll-over project to following year
Environmental Protection	-	-	-	-	-	0.00%	
Waste Management	2 188 586	-	2 188 586	2 220 300	(31 714)	-1.43%	
Waste Water Management	-	-	-	9 563 311	(9 563 311)	-100.00%	Roll-over project to following year
Road Transport	104 341	-	104 341	2 464 550	(2 360 209)	-95.77%	Roll-over project to following year
Water	-	-	-	5 325 700	(5 325 700)	-100.00%	Roll-over project to following year
Electricity	-	3 582 535	3 582 535	3 975 400	(392 865)	-9.88%	Grant for Jameson Substation was not received
<b>Total</b>	<b>4 522 572</b>	<b>25 667 157</b>	<b>30 189 729</b>	<b>43 146 348</b>	<b>(12 956 619)</b>	<b>-30.03%</b>	



**APPENDIX F**  
**BERGRIVIER MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2010	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2011	Unspent 30 June 2011 (Creditor)	Unpaid 30 June 2011 (Debtor)
<b><u>National Government Grants</u></b>									
Equitable Share	(2 223 939)	20 959 036	-	-	(18 735 097)	-	-	-	-
Finance Management Grant	(336 743)	1 000 000	-	-	(721 213)	-	(57 956)	-	(57 956)
Municipal System Improvement Grant	72 936	750 000	-	-	(577 258)	(237 313)	8 365	-	-
Municipal Infrastructure Grant	2 668 560	8 087 000	-	-	-	(10 502 581)	252 979	-	-
Draught relief	263 308	-	-	-	(263 308)	-	-	-	-
Groundwater - Development	42 673	-	-	-	(42 673)	-	-	-	-
Flood damage	24 440	-	-	-	(24 440)	-	-	-	-
Integrated National Electrification	-	1 056 000	-	-	-	(1 056 000)	-	-	-
<b>Total National Government Grants</b>	<b>511 235</b>	<b>31 852 036</b>	<b>-</b>	<b>-</b>	<b>(20 363 989)</b>	<b>(11 795 894)</b>	<b>203 388</b>	<b>261 344</b>	<b>(57 956)</b>
<b><u>Provincial Government Grants</u></b>									
Housing	(441 879)	14 966 973	-	-	(5 255 185)	(3 845 042)	5 424 867	-	-
CDW Contribution	78 640	100 000	-	-	(76 852)	(3 277)	98 511	-	-
Housing Consuming Education	48 336	-	-	-	(5 587)	-	42 749	-	-
Construction Sidewalks	20 002	500 000	-	-	-	(278 109)	241 893	-	-
Proclaimed Roads	-	50 000	-	-	(50 000)	-	-	-	-
Library Services	-	553 000	-	-	(553 000)	-	-	-	-
<b>Total Provincial Government Grants</b>	<b>(294 901)</b>	<b>16 169 973</b>	<b>-</b>	<b>-</b>	<b>(5 940 624)</b>	<b>(4 126 428)</b>	<b>5 808 020</b>	<b>5 808 020</b>	<b>-</b>
<b><u>District Municipality</u></b>									
West Coast DM - PIMMS	160 602	-	-	-	(76 209)	-	84 393	-	-
West Coast DM - LED	46 952	-	-	-	-	-	46 952	-	-
<b>Total District Municipality Grants</b>	<b>207 554</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(76 209)</b>	<b>-</b>	<b>131 345</b>	<b>131 345</b>	<b>-</b>
<b><u>Other Grant Providers</u></b>									
Lotto: Zuurvlakte Sport Field	500 000	100 000	-	-	-	(89 667)	510 333	-	-
Lotto: Plant Trees	154 390	-	-	-	-	-	154 390	-	-
Lotto: Piketberg Sport Field	(670 042)	-	-	-	-	-	(670 042)	-	(670 042)
Lotto: Redelinghuys Sport Field	(431 113)	-	-	-	-	-	(431 113)	-	(431 113)
<b>Total Other Grant Providers</b>	<b>(446 765)</b>	<b>100 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(89 667)</b>	<b>(436 432)</b>	<b>664 723</b>	<b>(1 101 155)</b>
<b>Total Grants</b>	<b>(22 877)</b>	<b>48 122 009</b>	<b>-</b>	<b>-</b>	<b>(26 380 822)</b>	<b>(16 011 989)</b>	<b>5 706 321</b>	<b>6 865 432</b>	<b>(1 159 111)</b>

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.